

Tyro Payments Limited

APS 330 Prudential Disclosure

30 June 2018

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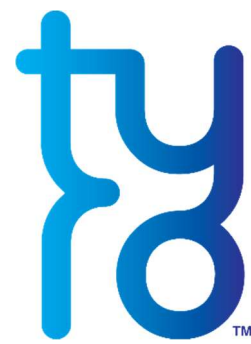
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¹ Table number references as per APS 330
Tyro Payments Limited ABN 49 103 575 042



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All amounts are presented in Australian dollars and rounded to the nearest million.

Table 1 Capital Disclosure and Regulatory Capital Reconciliations

Table 1A Capital Disclosure

The table should be read in conjunction with Tables 1B and 1C.

Row	Description	30 Jun 2018	Ref
Common Equity Tier 1 Capital: instruments and reserves			
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	141.3	
2	Retained earnings	(45.7)	
3	Accumulated other comprehensive income (and other reserves)	12.7	Table 1C
6	Common Equity Tier 1 capital before regulatory adjustments	108.3	Table 1C
Common Equity Tier 1 capital : regulatory adjustments			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(11.4)	Table 1B
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	(1.2)	Table 1B
28	Total regulatory adjustments to Common Equity Tier 1	(12.6)	
29	Common Equity Tier 1 Capital (CET1)	95.7	
45	Tier 1 Capital (T1=CET1+AT1)	95.7	Table 1C
Tier 2 Capital: instruments and provisions			
50	Provisions - General Reserve for Credit Losses	0.8	Table 1C
58	Tier 2 capital (T2)	0.8	
59	Total capital (TC=T1+T2)	96.5	Table 1C
60	Total risk-weighted assets based on APRA standards	69.2	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	138%	
62	Tier 1 (as a percentage of risk-weighted assets)	138%	
63	Total capital (as a percentage of risk-weighted assets)	139%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 1.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	6%	
65	<i>of which: capital conservation buffer requirement</i>	1.5%	
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	132%	

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Table 1B Balance Sheet Reconciliation

As at 30 June 2018	Statutory Balance Sheet	Adjustment	Regulatory Balance Sheet	Ref
Assets				
Cash and cash equivalents	28.6	-	28.6	
Due from other financial institutions	17.8	-	17.8	
Loans	7.6	0.5	7.1	Table 1C
Trade and other receivables	15.9	0.8	15.1	Table 1C
Prepayments	1.9	-	1.9	
Inventories	2.6	-	2.6	
Available-for-sale investment				
Floating rate notes	37.9	-	37.9	
Investment in Visa shares	1.2	-	1.2	Table 1A Row 18
Property, plant and equipment	14.7	-	14.7	
Deferred tax assets	11.4	-	11.4	Table 1A Row 10
Total Assets	139.6	1.3	138.3	
Liabilities				
Deposits	11.6	-	11.6	
Trade payables and other liabilities	13.8	-	13.8	
Provisions	4.7	-	4.7	
Total Liabilities	30.0	-	30.0	
Net Assets	109.6	1.3	108.3	
Equity				
Contributed equity	141.3	-	141.3	
Reserves	14.0	1.3	12.7	Table 1A Row 3
Accumulated losses	(45.7)	-	(45.7)	
Total Equity	109.6	1.3	108.3	Table 1C

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Table 1C Capital Reconciliation

Regulatory Capital Reconciliation	30 Jun 2018	Ref
Contributed equity	141.3	
Retained and current year's earnings	(45.7)	
Reserves	14.0	
Total Equity per Balance Sheet	109.6	
General reserves for credit losses	(1.3)	Table 1B
Total Equity per Regulatory Balance Sheet	108.3	Table 1A Row 6
Deferred tax assets in excess of deferred tax liabilities	(11.4)	
Equity exposures in other financial institutions other than ADIs	(1.2)	
Tier 1 Capital	95.7	Table 1A Row 45
General reserve for credit losses - Standardised approach (to a maximum of 1.25% of total credit RWA)	0.8	Table 1A Row 50
Total Capital	96.5	Table 1A Row 59



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Table 2: Main Features of Capital Instruments

APS 330 disclosures	Ordinary share capital
1 Issuer	Tyro Payments Limited
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3 Governing law(s) of the instrument	Corporations Act
Regulatory treatment	
4 Transitional Basel III rules	Common Equity Tier 1
5 Post-transitional Basel III rules	Common Equity Tier 1
6 Eligible at solo/group/group & solo	Solo
7 Instrument type (ordinary shares/preference shares/subordinated notes/other)	Ordinary Shares
8 Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	\$141.3m
9 Par value of instrument	NA
10 Accounting classification	Contributed equity
11 Original date of issuance	03/02/2003
12 Perpetual or dated	Perpetual
13 Original maturity date	No maturity
14 Issuer call subject to prior supervisory approval	NA
15 Optional call date, contingent call dates and redemption amount	NA
16 Subsequent call dates, if applicable	NA
Coupons/dividends	
17 Fixed or floating dividend/coupon	NA
18 Coupon rate and any related index	NA
19 Existence of a dividend stopper	NA
20 Fully discretionary, partially discretionary or mandatory	NA
21 Existence of step up or other incentive to redeem	NA
22 Noncumulative or cumulative	NA
23 Convertible or non-convertible	NA
24 If convertible, conversion trigger (s)	NA
25 If convertible, fully or partially	NA
26 If convertible, conversion rate	NA
27 If convertible, mandatory or optional conversion	NA
28 If convertible, specify instrument type convertible into	NA
29 If convertible, specify issuer of instrument it converts into	NA
30 Write-down feature	NA
31 If write-down, write-down trigger(s)	NA
32 If write-down, full or partial	NA
33 If write-down, permanent or temporary	NA
34 If temporary write-down, description of write-up mechanism	NA
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36 Non-compliant transitioned features	NA
37 If yes, specify non-compliant features	NA

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Table 3: Capital Adequacy

Risk weighted assets	30 Jun 2018	31 Mar 2018
Bank & other financial institutions	18.9	20.1
Business lending	8.7	8.2
Government	-	-
Other	34.0	33.0
Total credit risk	61.6	61.3
Operational risk	7.6	6.8
Total risk weighted assets	69.2	68.1

Capital adequacy ratios	30 Jun 2018	31 Mar 2018
Common Equity Tier 1 Capital	138%	149%
Tier 1 Capital	138%	149%
Total Capital	139%	150%

Table 4a: Credit Risk - Total Gross & Average Credit Risk Exposures

Credit risk exposure by major types	Total 30 Jun 2018	Total 31 Mar 2018	Quarter average
Cash and liquid assets	20.1	19.0	19.5
Investment securities	37.9	37.9	37.9
Due from other financial institutions	26.3	32.1	29.2
Loans	8.7	8.2	8.4
Other assets	35.1	33.3	34.3

Credit risk exposure by portfolio	Total 30 Jun 2018	Total 31 Mar 2018	Quarter average
Government	17.4	15.1	16.3
Bank & other financial institutions	68.0	74.2	71.1
Business lending	8.7	8.2	8.4
Corporate	-	-	-
Other	34.0	33.0	33.5

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Table 4b: Credit Risk - Impaired assets, Past due loans, Provisions and Write-offs

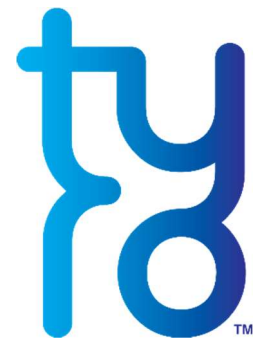
Impaired and past due facilities by portfolio	30 Jun 2018	31 Mar 2018
Past due facilities	-	-
Impaired facilities	0.2	-
Specific provisions	0.2	-
Charges for specific provisions	0.2	-
Write-offs	0.1	-

Table 4c: Credit Risk - General Reserve for Credit Losses

General reserves for credit losses	30 Jun 2018	31 Mar 2018
Reserve for credit losses	1.3	1.2
Collective provision for impairment	0.2	0.2

Table 5: Securitisation

Securitisation exposures	30 Jun 2018	31 Mar 2018
Total amount of exposures securitised	NA	NA
Recognised gain/(loss) on sale	NA	NA
Aggregate amount of off-balance sheet securitisation exposures	NA	NA

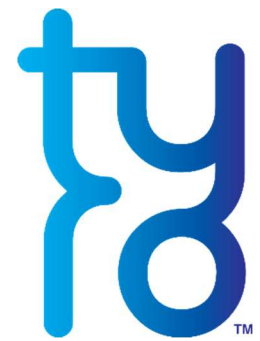


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Table 18: Remuneration Disclosures

Qualitative disclosures	For the period 01 July 2017 to 30 June 2018
(a) Information relating to the bodies that oversee remuneration. Disclosures must include:	
<ul style="list-style-type: none"> the name, composition and mandate of the main body overseeing remuneration; 	Board Nominations and Remuneration Committee
<ul style="list-style-type: none"> the name of external consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process; 	No external consultants
<ul style="list-style-type: none"> a description of the scope of the ADI's Remuneration Policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches; 	<p>The primary objective of the Nominations and Remuneration Committee is to assist the Board in fulfilling its responsibilities in the management of pay and reward policies and practices. Responsibility on a level 1 basis.</p> <p>In addition to any other objectives, it is the objective of the Remuneration Policy that performance based components of remuneration are designed to encourage behaviour that supports Tyro's long term financial soundness and the risk management framework of Tyro.</p> <p>The objective of Tyro's risk management framework is to support the achievement of Tyro's financial and business goals, minimising losses and maximising opportunities for Tyro. The performance-based components of remuneration at Tyro are designed to align remuneration with prudent risk-taking and incorporate adjustments to reflect:</p> <ul style="list-style-type: none"> - The outcomes of business activities; - The risk related to the business activities taking account, where relevant, of the cost of associated capital; and - The time necessary for the outcomes of those business activities to be reliably measured.
<ul style="list-style-type: none"> a description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 21 of this Prudential Standard, including the number of persons in each group. 	<p>The Remuneration Policy covers each responsible person, as defined in Prudential Standard CPS520 Fit and Proper excluding non-executive directors:</p> <ol style="list-style-type: none"> Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Marketing Officer, Director of Engineering, Director of Operations, Director of Product, Director of Sales (8 individuals) Persons whose primary role is risk management, compliance, internal audit, financial control or actuarial control (collectively 'risk and finance personnel') (1 individual) There are no other persons for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of Tyro.



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Table 18: Remuneration Disclosures

Qualitative disclosures	For the period 01 July 2017 to 30 June 2018
<p>(b) Information relating to the design and structure of remuneration processes. Disclosures must include:</p>	
<ul style="list-style-type: none"> an overview of the key features and objectives of remuneration policy; 	<p>Tyro's remuneration objectives and the structure of the remuneration arrangements, include but are not limited to performance based remuneration components for those classes of persons included in the policy. Further information is covered in section (a).</p>
<ul style="list-style-type: none"> whether the Remuneration Committee reviewed the ADI's Remuneration Policy during the past year, and if so, an overview of any changes that were made; 	<p>No changes were made to the Remuneration Policy in the current year.</p>
<ul style="list-style-type: none"> a discussion of how the ADI ensures that risk and financial control personnel (as defined in paragraph 48(b) of CPS 510) are remunerated independently of the businesses they oversee. 	<p>The Remuneration Policy forms part of the overall risk management framework at Tyro is designed to align prudent risk taking behaviour with remuneration. The Remuneration Policy is designed to ensure that the structure of remuneration of risk and financial personnel, including performance-based components if any, does not compromise their independence in carrying out their role.</p>
<p>(c) Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures must include:</p>	
<ul style="list-style-type: none"> an overview of the key risks that the ADI takes into account when implementing remuneration measures; 	<p>Current and future risks taken into account:</p> <ol style="list-style-type: none"> System uptime BCP review, testing Transaction growth Losses Profitability
<ul style="list-style-type: none"> an overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed); 	<p>Risks are monitored and reported to the Risk Committee bi-monthly.</p>
<ul style="list-style-type: none"> a discussion of the ways in which these measures affect remuneration; 	<p>The Board may adjust performance-based components of remuneration downwards, to zero if appropriate.</p>
<ul style="list-style-type: none"> a discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration. 	<p>No changes were made to the remuneration policy in the current year.</p>



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Table 18: Remuneration Disclosures

Qualitative disclosures	For the period 01 July 2017 to 30 June 2018
(d) Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures must include:	
<ul style="list-style-type: none"> an overview of the main performance metrics for the ADI, top-level business lines and individuals; 	The Board may adjust performance-based components of remuneration downwards, to zero if appropriate, in relation to, if such adjustments are necessary:
<ul style="list-style-type: none"> a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and 	<ul style="list-style-type: none"> To protect the financial soundness of Tyro; or Respond to significant unexpected or unintended consequences that were not foreseen by the Board Nominations and Remuneration Committee.
<ul style="list-style-type: none"> a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak. 	
(e) Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance. Disclosures must include:	
<ul style="list-style-type: none"> a discussion of the ADI's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across persons or groups of persons, a description of the factors that determine the fraction and their relative importance; and 	NA
<ul style="list-style-type: none"> a discussion of the ADI's policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements. 	No clawback arrangements in place.
(f) Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms. Disclosures must include:	
<ul style="list-style-type: none"> an overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms); and 	Variable remuneration is an eligible bonus amount.
<ul style="list-style-type: none"> a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across persons or groups of persons, a description the factors that determine the mix and their relative importance. 	



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Table 18: Remuneration Disclosures

Quantitative disclosures	For the period 01 July 2017 to 30 June 2018
(g) Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members	2
(h) The number of persons having received variable remuneration award during the financial year.	7
Number and total amount of guaranteed bonuses awarded during the financial year	NA
Number and total amount of sign-on awards made during the financial year	0
Number and total amount of termination payments made during the financial year	1
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	
(j) Breakdown of the amount of remuneration awards for the financial year in accordance with Table 18A below to show: <ul style="list-style-type: none"> - fixed and variable; - deferred and non-deferred; and - different forms used (cash, shares and share-linked instruments and other forms). 	
(k) Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: <ul style="list-style-type: none"> - Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. - Total amount of reductions during the financial year due to ex pose explicit adjustments. - Total amount of reductions during the financial year due to ex post implicit adjustments. 	

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Table 18: Remuneration Disclosures

Senior Managers¹

Total value of remuneration awards for the current financial year *	Unrestricted	Deferred
Fixed remuneration		
• Cash-based	\$2,735,158	No ³
• Shares and share-linked instruments	\$1,185,402	Yes ⁴
• Other	\$71,208	No ⁵
Variable remuneration		
• Cash-based	\$843,954	Yes ⁶
• Shares and share-linked instruments	NA	NA
• Other	NA	NA

Material Risk Takers²

Total value of remuneration awards for the current financial year *	Unrestricted	Deferred
Fixed remuneration		
• Cash-based	-	-
• Shares and share-linked instruments	-	-
• Other	-	-
Variable remuneration		
• Cash-based	-	-
• Shares and share-linked instruments	-	-
• Other	-	-

Notes:

* all figures quoted are in Australian Dollars

Note 1: Includes Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Marketing Officer, Director of Engineering, Director of Operations, Director of Product, Director of Sales, and Head of Internal Audit

Note 2: There are no employees outside of the senior management that are considered material risk takers

Note 3: Includes base salary and superannuation contributions

Note 4: Refer to the Tyro Payments Limited Annual Report for the year ended 30 June 2018 for details regarding Employee Share Option Plan

Note 5: Includes long service leave accruals and salary sacrificed benefits for the financial year

Note 6: Includes bonus award for the financial year including superannuation, which is paid in the following financial year