

APS 330 - Public Disclosure of Prudential Information as at 30th June 2020

Capital Structure as at 30th June 2020

The capital disclosures detailed in the Common Disclosure Template represents the post 1 January 2018 Basel III common disclosure requirements. Hume Bank Limited (Hume) is applying the Basel III regulatory adjustments in full as implemented by APRA. The Common Disclosures Template should be read in conjunction with Hume's Regulatory Balance Sheet and Capital Reconciliation.

APRA Row Ref	Common Disclosure Template		Reconciliation Table Ref or item no. on Balance Sheet
Common Equity Tier 1 capital: instruments and reserves		A\$m	
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	-	
2	Retained earnings	80.95	20
3	Accumulated other comprehensive income (and other reserves)	2.43	Table A
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)</i>	-	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount	-	
6	Common Equity Tier 1 capital before regulatory adjustments	83.38	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit superannuation fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
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)	-	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage service rights (amount above 10% threshold)	-	

21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	(2.66)	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	(0.74)	Table D
26d	of which: equity investment in financial institutions not reported in rows 18, 19 and 23	(0.33)	7
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	(1.31)	Table C
26f	of which: capitalised expenses	(0.28)	10
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	-	
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to Common Equity Tier 1	(2.66)	
29	Common Equity Tier 1 Capital (CET1)	80.72	
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 Capital before regulatory adjustments	-	

Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	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)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	-	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	-	
45	Tier 1 Capital (T1=CET1+AT1)	80.72	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	-	
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	-	Table B
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions (Reserves)	3.43	Table A
51	Tier 2 Capital before regulatory adjustments	3.43	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 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)	-	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	-	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	-	
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	3.43	
59	Total capital (TC=T1+T2)	84.15	
60	Total risk-weighted assets based on APRA standards	585.05	

Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.80%	
62	Tier 1 (as a percentage of risk-weighted assets)	13.80%	
63	Total capital (as a percentage of risk-weighted assets)	14.38%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.00%	
65	<i>of which: capital conservation buffer requirement</i>	2.50%	
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	0.00%	
67	<i>of which: G-SIB buffer requirement (not applicable)</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	6.40%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
70	National Tier 1 minimum ratio (if different from Basel III minimum)		
71	National total capital minimum ratio (if different from Basel III minimum)		
Amount below thresholds for deductions (not risk-weighted)			
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the ordinary shares of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	3.43	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	7.31	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	-	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	-	
83	<i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	-	
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	-	

Capital Instruments

As from 28 December 2017 Hume Bank Limited held no capital instruments.

Capital Adequacy as at 30th June 2020

	\$
Capital requirements for credit risk	
Claims on ADIs	67,476,081
Claims secured by residential mortgages	320,410,162
Other retail claims	63,092,023
Other assets	11,415,967
Off balance sheet exposures	48,330,289
Total capital requirement for credit risk	510,724,522
Capital requirements for operational risk	
Capital requirement for operational risk	74,327,283
Total capital requirements (Risk Weighted Assets)	585,051,804
Capital adequacy ratio	
Common Equity Tier 1 capital adequacy ratio	13.80%
Tier 1 capital adequacy ratio	13.80%
Total capital adequacy ratio	14.38%

Credit Risk as at 30th June 2020

	Gross Exposure	Average over the quarter
	\$	\$
Total gross credit risk exposure		
On balance sheet		
Cash, ADI deposits and investment securities	376,871,341	377,341,767
Loans and advances	953,463,821	950,387,401
Other assets	11,415,967	11,330,375
Total on balance sheet credit risk exposures	1,341,751,129	1,339,059,543
Off balance sheet		
Loans approved not yet advanced	48,617,278	46,103,908
Guarantees	1,891,114	1,862,482
Undrawn credit limits	180,178,308	179,360,653
Forward asset purchase	-	-
Interest rate contracts	-	-
Total off balance sheet credit risk exposures	230,686,700	227,327,043
Total credit risk exposures	1,572,437,829	1,566,386,586

	Gross exposure	Average over the quarter
	\$	\$
Credit risk exposure by portfolio		
Cash and Claims on ADIs	376,871,341	377,341,767
Claims secured by residential mortgages	1,074,459,332	1,069,462,289
Other retail claims	109,691,189	108,252,155
Other assets	11,415,967	11,330,375
Total credit risk exposures	1,572,437,829	1,566,386,586

	Impaired facilities	Past due facilities	Specific provision	Charges for specific provisions	Write-offs
	\$	\$	\$	\$	\$
Credit risk exposure by portfolio					
Cash and Claims on ADIs	-	-	-	-	-
Claims secured by residential mortgages	-	991,695	-	-	-
Other retail claims	430,561	13,944	73,909	39,808	40,906
Other assets	-	-	-	-	-
Total credit risk exposures	430,561	1,005,640	73,909	39,808	40,906

	\$
General reserve for credit losses	
General reserve for credit losses	3,429,771

Securitisation Exposures as at 30th June 2020

Hume has established an internal securitisation of residential mortgages, linked to a repurchase agreement facility with the Reserve Bank of Australia, as a liquidity contingency. Hume has not derecognised these loans from the statement of financial position. No capital relief has been obtained under APS 120 Securitisation.

Type of Securitisation Exposure	Exposure
	\$
Residential mortgage loans securitised during current quarter	68,519,336
Residential mortgage securitised loans - on balance sheet exposures at end of quarter	211,200,081

Regulatory Capital Reconciliation as at 30th June 2020

Row Ref		Audited Financial Statements	Adjustments	Regulatory Balance Sheet	Common Disclosure Reference
		2020 A\$m	2020 A\$m	2020 A\$m	
	Assets				
1	Cash and cash equivalents	62.49		62.49	
2	Receivables due from other financial institutions	90.69		90.69	1624
3	Investment securities	222.49		222.49	
4	Trade and other receivables	1.68		1.68	
5	Derivative financial instruments	-		-	
6	Loans and advances	953.90		953.90	see Table D
	<i>Less: provisions</i>	(2.20)	1.67	(0.53)	see Table A
7	Other investments	0.33		0.33	Row 26d
8	Investment property	1.74		1.74	
9	Property, plant and equipment	7.25		7.25	
10	Intangible assets	0.28		0.28	Row 26f
11	Right-of-use assets	1.97		1.97	
12	Deferred tax assets	1.31		1.31	see Table C
	Total assets	1,341.93	1.67	1,343.60	
	Liabilities				
13	Deposits	1,240.54		1,240.54	
14	Trade and other payables	11.95		11.95	
5	Derivative financial instruments	-		-	
15	Income tax payable	0.23		0.23	
16	Deferred tax liabilities	-		-	see Table C
17	Provision for employee benefits	2.04		2.04	
18	Borrowings	-		-	see Table B
19	Lease liabilities	2.03		2.03	
	Total liabilities	1,256.79	-	1,256.79	
	Net assets	85.14	1.67	86.81	
	Members' funds				
20	Reserves	4.19	1.67	5.86	see Table A
21	Retained earnings	80.95		80.95	Row 2
	Total members' funds	85.14	1.67	86.81	

Reconciliation between Common Disclosures Template and Balance Sheet

Table A: Reserves	A\$m	Common Disclosure Reference
Asset revaluation reserve	1.75	
Capital profits reserve	0.59	
Financial asset reserve	0.09	
Cash flow hedge reserve	-	
Total Tier 1 reserves	2.43	Row 3
GRCL Trf from Retained Earnings (included in T2)	1.76	
GRCL Trf from AASB9 Accounting Collective Provisions (eligible for T2)	1.67	
Total Tier 2 reserves	3.43	Row 50
Total reserves per Regulatory Balance Sheet	5.86	

Table B: Subordinated Debt	A\$m	Common Disclosure Reference
Borrowings per balance sheet	-	
Less: regulatory amortisation (Basel III transitional)	-	
Total Subordinated Debt (included in Tier 2)	-	Row 47

Table C: Deferred Tax Assets	A\$m	Common Disclosure Reference
Future income tax benefit per balance sheet	1.31	
Deferred tax liability per balance sheet	-	6
Total deferred tax assets (Tier 1 adjustments)	1.31	Row 26e

Table D: Loans & Advances: Deferred Loan Fees	A\$m	Common Disclosure Reference
Loans & advances before deferred fees and costs	953.15	
Less: deferred loan fees (net)	0.74	Row 26c
Less: provision for impairment	(2.20)	
Total loans & advances per balance sheet	951.69	