

APRA BASEL III
Pillar 3 Disclosures
Quarter ended 30 June 2021

Overview

This report has been prepared by Judo Bank Pty Ltd to meet its disclosure requirements under the Australian Prudential Regulation Authority's (APRA) Prudential Standard APS 330: Public Disclosure. It has been prepared using quarter ended 30 June 2021 data at the consolidated Judo Group level (level 2) including the authorised Non-Operating Holding Company, Judo Capital Holdings Limited.

Sections included:

Capital Structure

Table 1: Capital Disclosure Template

Reconciliation between the Consolidated Balance Sheet and the Regulatory Balance Sheet

Table 2: Main features of capital instruments

Table 3: Capital adequacy

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Capital Structure

	June 2021 \$m	March 2021 \$m
Common Equity Tier 1 Capital		
Paid-up ordinary shares (net of capital raising costs)	1,146.3	1,042.0
Reserves	3.0	3.5
Regulatory retained earning including current year earnings and GRCL top up	(86.8)	(81.2)
Total Common Equity Tier 1 Capital	1,062.5	964.3
Regulatory Adjustments		
Deferred Tax Assets	(32.2)	(29.7)
Goodwill and Intangibles	(16.0)	(13.6)
Deferred expenditure	(3.7)	(5.4)
Cash-flow hedge reserve	(2.2)	-
Other deductions	(4.2)	(4.1)
Total regulatory adjustments	(58.3)	(52.8)
Net common equity Tier 1 Capital	1,004.2	911.5
Total Tier 1 Capital	1,004.2	911.5
Tier 2 Capital		
Tier 2 Capital instruments	50.0	0.0
General Reserve for Credit Losses	25.5	21.8
Total Tier 2 Capital	75.5	21.8
Total Capital	1,079.7	933.3

Table 1: Capital Disclosure Template

Common Equity Tier 1 capital (CET1): Instruments and Reserves		\$m	Ref
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	1,146.3	A
2	Retained earnings	(86.8)	B
3	Accumulated other comprehensive income (and other reserves)	3.0	
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	1,062.5	
Common Equity Tier 1 capital: regulatory adjustments		\$m	Ref
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	16.0	H
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	32.2	D
11	Cash-flow hedge reserve	2.2	C
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	<i>of which: significant investments in the ordinary shares of financial entities</i>	-	
24	<i>of which: mortgage servicing rights</i>	-	
25	<i>of which: deferred tax assets arising from temporary differences</i>	-	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	7.9	
26a	<i>of which: treasury shares</i>	-	
26b	<i>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</i>	-	
26c	<i>of which: deferred fee income</i>	(0.6)	E
26d	<i>of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	-	

Common Equity Tier 1 capital: regulatory adjustments (continued)		A\$m	Ref
26e	<i>of which: deferred tax assets not reported in rows 10, 21 and 25</i>	-	
26f	<i>of which: capitalised expenses</i>	4.3	F+G
26g	<i>of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements</i>	-	
26h	<i>of which: covered bonds in excess of asset cover in pools</i>	-	
26i	<i>of which: undercapitalisation of a non-consolidated subsidiary</i>	-	
26j	<i>of which: other national specific regulatory adjustments not reported in rows 26a to 26i</i>	4.2	I
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	58.3	
29	Common Equity Tier 1 Capital (CET1)	1,004.2	
Additional Tier 1 Capital: instruments		A\$m	Ref
30	Directly issued qualifying Additional Tier 1 instruments	-	
31	<i>of which: classified as equity under applicable accounting standards</i>	-	
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-	
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		A\$m	Ref
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	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	-	
41b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40</i>	-	
41c	<i>of which: other national specific regulatory adjustments not reported in rows 41a and 41b</i>	-	
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)	1,004.2	

Tier 2 Capital: instruments and provisions		A\$m	Ref
46	Directly issued qualifying Tier 2 instruments	50.0	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
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	25.5	J+K
51	Tier 2 Capital before regulatory adjustments	75.5	
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)	75.5	
59	Total capital (TC=T1+T2)	1,079.8	
60	Total risk-weighted assets based on APRA standards	4,094.0	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	24.5%	
62	Tier 1 (as a percentage of risk-weighted assets)	24.5%	
63	Total capital (as a percentage of risk-weighted assets)	26.4%	
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)	7.0%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: ADI-specific countercyclical buffer requirements	-	
67	of which: G-SIB buffer requirement (not applicable)	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	17.5%	
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)		A\$m	Ref
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)	25.5	J+K
77	Cap on inclusion of provisions in Tier 2 under standardised approach	45.5	
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>	-	

Reconciliation between the Consolidated Balance Sheet and the Regulatory Balance Sheet

June 21	Group Balance Sheet \$m	Adjustments \$m	Level 2 Regulatory Balance Sheet \$m	Reconciliation Reference
ASSETS				
Cash and cash equivalents	344.0	0.0	344.0	
Investments	3,259.7	0.0	3,259.7	
Loans and advances at amortised cost	3,482.2	0.0	3,482.2	
<i>of which: provisions</i>	(12.1)	0.0	(12.1)	J
<i>of which: deferred fee income</i>	(0.6)	0.0	(0.6)	E
<i>of which: other regulatory adjustments</i>	4.2	0.0	4.2	I
Derivative assets	3.2	0.0	3.2	
Deferred tax assets	32.2	0.0	32.2	D
Other assets	34.6	0.0	34.6	
<i>of which: capitalised expenses</i>	4.3	0.0	4.3	F + G
Property, plant and equipment	1.7	0.0	1.7	
Right-of-use assets	2.6	0.0	2.6	
Intangible assets	16.0	0.0	16.0	H
Amounts due from controlled entities	7,176.2	0.0	7,176.2	
LIABILITIES				
Deposits	2,547.7	0.0	2,547.7	
Accounts payable and other liabilities	17.4	0.0	17.4	
Lease liabilities	2.9	0.0	2.9	
Provisions	3.7	0.0	3.7	
Borrowings	3,528.6	0.0	3,528.6	
<i>of which: capitalised borrowing costs</i>	(3.3)	0.0	(3.3)	F
Total Liabilities	6,100.3	0.0	6,100.3	
Net Assets	1,075.9	0.0	1,075.9	
EQUITY				
Issued Capital	1,146.3	0.0	1,146.3	A
Reserves	3.0	13.4	16.4	
<i>of which: Provisions (GCRL) Equity component of GRCL in tier 2 capital</i>	0.0	13.4	13.4	K
<i>of which: Cash-flow hedge reserve</i>	2.2	0.0	2.2	C
<i>of which: Other reserves included in CET 1 - Equity shared based loans</i>	0.8	0.0	0.8	
Retained profits	(73.4)	(13.4)	(86.8)	B
Total Equity	1,075.9	0.0	1,075.9	

Main Features of Capital Instruments.

Judo Bank's main features of capital instruments are updated on an ongoing basis and are available at the Regulatory Disclosures section of the judo.bank website at the following address <https://www.judo.bank/regulatory-disclosures>

Capital Adequacy

Risk Weighted Assets Level 2.	June 2021 \$m	March 2021 \$m
Subject to the Standardised Approach		
Government	0.0	0.0
Bank	92.0	57.8
Residential Mortgages	958.2	831.2
Other retail	0.0	0.0
Corporate (1)	2,550.5	2,200.0
Other	40.7	34.0
Total On and Off-Balance Sheet Exposures	3,641.4	3,123.1
Securitisation Exposures	0.0	0.0
Market Risk Exposures	0.0	0.0
Operational Risk Exposures	452.6	332.8
Total Risk Weighted Assets	4,094.0	3,455.9
Notes		
(1) Includes commercial lending and leasing		
Capital Ratios Level 2		
Common Equity Tier 1	24.5%	26.4%
Tier 1	24.5%	26.4%
Total Capital	26.4%	27.0%

Credit Risk

Exposure Type	Gross Credit Exposure 2021 June \$m	Average Gross Credit Exposure June Quarter \$m	Gross Credit Exposure 2021 March \$m	Average Gross Credit Exposure March Quarter \$m
Cash and cash equivalents	333.1	325.3	297.2	247.1
Investments	3,270.6	2,770.2	1,299.8	1,021.2
Loans and advances	3,482.2	3,211.3	2,881.4	2,774.3
Off-balance sheet exposures for derivatives	5.7	7.4	11.1	10.0
Other off-balance sheet exposures (note 1)	417.5	468.0	470.7	405.6
Other	72.7	43.0	20.2	14.6
Total Exposures	7,581.8	6,825.2	4,980.4	4,472.8

Note 1: Largely relate to customer commitments.

Portfolios Subject to Standardised Approach	Gross Credit Exposure June 2021 \$m	Average Gross Credit Exposure June Quarter \$m	Gross Credit Exposure March 2021 \$m	Average Gross Credit Exposure March Quarter \$m
Government	3,112.7	2,664.4	1,242.2	958.2
Bank	459.8	391.1	289.2	246.5
Residential mortgage	1,226.1	1,139.9	1,027.9	971.7
Other retail	0	0	0	0
Corporate	2,742.4	2,615.0	2,387.1	2,286.7
Other	40.8	14.9	34.0	9.7
Total Exposures	7,581.8	6,825.3	4,980.4	4,472.8

Credit Risk

June 2021 Portfolios Subject to the Standardised Approach	Impaired Loans \$m	Past Due Loans > 90 Days \$m	Specific Provision Balance \$m	Charges for Specific Provision \$m	Write- Offs \$m
Government	0.0	0.0	0.0	0.0	0.0
Bank	0.0	0.0	0.0	0.0	0.0
Residential Mortgages	0.0	0.0	0.0	0.0	0.0
Other retail	0.0	0.0	0.0	0.0	0.0
Corporate	9.3	2.8	5.8	2.7	0.0
Other	0.0	0.0	0.0	0.0	0.0
Additional regulatory specific provision			17.5		
Total regulatory specific provision			23.3		
General reserve for credit losses			25.5		

Credit Risk

March 2021 Portfolios Subject to the Standardised Approach	Impaired Loans \$m	Past Due Loans > 90 Days \$m	Specific Provision Balance \$m	Charges for Specific Provision \$m	Write- Offs \$m
Government	0.0	0.0	0.0	0.0	0.0
Bank	0.0	0.0	0.0	0.0	0.0
Residential Mortgages	0.0	0.0	0.0	0.0	0.0
Other retail	0.0	0.0	0.0	0.0	0.0
Corporate	25.3	0.2	3.1	0.4	0.0
Other	0.0	0.0	0.0	0.0	0.0
Additional regulatory specific provision			16.2		
Total regulatory specific provision			19.3		
General reserve for credit losses			21.8		

Securitisation

Securitisation	June 2021 Quarter securitisation activity \$m	Gain or Loss on Sale \$m	March 2021 Quarter securitisation activity \$m	Gain or Loss on Sale \$m
Residential Mortgage	1.4	0.0	1.5	0.0
Other retail	0.0	0.0	0.0	0.0
Corporate	64.8	0.0	69.2	0.0
Total	66.2	0.0	70.7	0.0

Securitisation Exposures	June 2021 \$m	March 2021 \$m
On-balance sheet securitisation exposure retained or purchased:		
Liquidity funding facility (drawn)	26.5	5.0
Securities held in the banking book	441.9	396.0
Securities held in the banking book – self securitisation	1,179.7	1,025.7
Off-balance sheet securitisation exposure:		
Liquidity funding facility (drawn)	0.0	0.0
Securities held in the banking book	0.0	0.0
Securities held in the banking book – self securitisation	0.0	0.0

The bank treats all securitisation as funding-only in accordance with APS 120. The underlying lending exposures in the securitisation trusts are included in the bank's calculation of risk weighted assets. The Securitisation Exposures disclosed above are exposures of the bank to the trusts for facilities and funding provided. They are not included in the calculation of risk weighted assets in accordance with APS 120.