

APRA BASEL III

Pillar 3 Disclosures

Quarter ended 31 December 2019

# 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 31 December 2019 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),

Main features of capital instruments (Table 2),

Capital adequacy (Table 3),

Credit risk (Table 4), and,

Securitisation (Table 5).

# Capital Structure

|   | December 2019 \$m | September 2019 \$m |
|---|-------------------|--------------------|
| <b>Common Equity Tier 1 Capital</b>                         |                   |                    |
| Paid-up ordinary shares                                     | 539.3             | 429.0              |
| Reserves  | 0.2               | 0.1                |
| Regulatory retained earning including current year earnings | (71.8)            | (62.1)             |
| <b>Total Common Equity Tier 1 Capital</b>                   | <b>467.7</b>      | <b>367.0</b>       |
| <b>Regulatory Adjustments</b>                               |                   |                    |
| Goodwill and Intangibles                                    | (3.8)             | (3.3)              |
| Deferred expenditure  | (15.0)            | (13.0)             |
| Other deductions  | (0.9)             | (0.9)              |
| Total regulatory adjustments                                | (19.7)            | (17.2)             |
| <b>Net common equity Tier 1 Capital</b>                     | <b>448.0</b>      | <b>349.8</b>       |
| <b>Total Tier 1 Capital</b>                                 | <b>448.0</b>      | <b>349.8</b>       |
| <b>Tier 2 Capital</b>                                       |                   |                    |
| Tier 2 Capital instruments                                  | 0.0               | 0.0                |
| General Reserve for Credit Losses                           | 9.3               | 5.2                |
| <b>Total Tier 2 Capital</b>                                 | <b>9.3</b>        | <b>5.2</b>         |
| <b>Total Capital</b>  | <b>457.3</b>      | <b>355.0</b>       |

# 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.                   | December 2019 \$m | September 2019 \$m |
|---|-------------------|--------------------|
| <b>Subject to the Standardised Approach</b>     |                   |                    |
| Government                                      | 0.0               | 0.0                |
| Bank  | 99.6              | 61.1               |
| Residential Mortgages                           | 250.8             | 140.9              |
| Other retail                                    | 0.0               | 0.0                |
| Corporate (1)                                   | 977.3             | 532.7              |
| Other   | 2.7               | 2.5                |
| <b>Total On and Off-Balance Sheet Exposures</b> | <b>1,330.4</b>    | <b>737.2</b>       |
| Securitisation Exposures                        | 0.0               | 0.0                |
| Market Risk Exposures                           | 0.0               | 0.0                |
| Operational Risk Exposures                      | 153.8             | 68.7               |
| <b>Total Risk Weighted Assets</b>               | <b>1,484.2</b>    | <b>805.9</b>       |
| Notes   |                   |                    |
| (1) Includes commercial lending and leasing     |                   |                    |
| <b>Capital Ratios Level 2</b>                   |                   |                    |
| Common Equity Tier 1                            | 30.2%             | 43.4%              |
| Tier 1  | 30.2%             | 43.4%              |
| Total Capital                                   | 30.8%             | 44.0%              |

# Credit Risk

| Exposure Type                               | Gross Credit Exposure<br>December 2019<br>\$m | Average Gross<br>Credit Exposure<br>December<br>Quarter \$m | Gross Credit<br>Exposure<br>September 2019<br>\$m | Average Gross<br>Credit Exposure<br>September<br>Quarter \$m |
|---|---|---|---|--|
| Cash and cash equivalents                   | 192.9   | 178.9   | 138.6   | 104.4  |
| Investments                                 | 289.1   | 263.0   | 129.5   | 96.6   |
| Loans and advances                          | 967.9   | 800.4   | 513.6   | 402.7  |
| Off-balance sheet exposures for derivatives | 0.0   | 0.0   | 0.0   | 0.0  |
| Other off-balance sheet exposures (note 1)  | 355.6   | 299.8   | 204.5   | 178.4  |
| Other                                       | 2.7   | 2.7   | 2.5   | 2.1  |
| <b>Total Exposures</b>                      | <b>1,808.2</b>                                | <b>1,544.8</b>  | <b>988.7</b>                                      | <b>784.2</b>   |

Note 1: Largely relate to customer commitments.

| Portfolios Subject to Standardised Approach | Gross Credit Exposure<br>December 2019<br>\$m | Average Gross<br>Credit Exposure<br>December<br>Quarter \$m | Gross Credit<br>Exposure<br>September 2019<br>\$m | Average Gross<br>Credit Exposure<br>September<br>Quarter \$m |
|---|---|---|---|--|
| Government                                  | 41.1  | 24.9  | 12.5  | 8.3  |
| Bank  | 440.9   | 417.0   | 255.6   | 192.7  |
| Residential mortgage                        | 307.9   | 243.8   | 174.3   | 115.4  |
| Other retail                                | 0.0   | 0.0   | 0.0   | 0.0  |
| Corporate                                   | 1,015.6                                       | 856.4   | 543.8   | 465.7  |
| Other                                       | 2.7   | 2.7   | 2.5   | 2.1  |
| <b>Total Exposures</b>                      | <b>1,808.2</b>                                | <b>1,544.8</b>  | <b>988.7</b>                                      | <b>784.2</b>   |

# Credit Risk

| December 2019<br>Portfolios Subject to the Standardised Approach | Impaired<br>Loans<br>\$m | Past<br>Due<br>Loans ><br>90 Days<br>\$m | Specific<br>Provision<br>Balance<br>\$m | Charges<br>for<br>Specific<br>Provision<br>\$m | Write-<br>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  | 0.0                      | 0.0                                      | 0.0                                     | -0.1   | 0.0                |
| Other  | 0.0                      | 0.0                                      | 0.0                                     | 0.0  | 0.0                |
| Additional regulatory specific provision                         |                          |  | 1.5                                     |  |                    |
| <b>Total regulatory specific provision</b>                       |                          |  | 1.5                                     |  |                    |
| <b>General reserve for credit losses</b>                         |                          |  | 9.3                                     |  |                    |

# Credit Risk

| September 2019<br>Portfolios Subject to the Standardised Approach | Impaired<br>Loans<br>\$m | Past<br>Due<br>Loans ><br>90 Days<br>\$m | Specific<br>Provision<br>Balance<br>\$m | Charges<br>for<br>Specific<br>Provision<br>\$m | Write-<br>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   | 0.4                      | 0.0                                      | 0.1                                     | 0.1  | 0.0                |
| Other   | 0.0                      | 0.0                                      | 0.0                                     | 0.0  | 0.0                |
| Additional regulatory specific provision                          |                          |  | 1.0                                     |  |                    |
| <b>Total regulatory specific provision</b>                        |                          |  | 1.1                                     |  |                    |
| <b>General reserve for credit losses</b>                          |                          |  | 5.2                                     |  |                    |



# Securitisation

| Securitisation       | December Quarter securitisation activity \$m | Gain or Loss on Sale \$m | September Quarter securitisation activity \$m | Gain or Loss on Sale \$m |
|----------------------|--|--------------------------|---|--------------------------|
| Residential Mortgage | 7.1  | 0.0                      | 1.1   | 0.0                      |
| Other retail         | 0.0  | 0.0                      | 0.0   | 0.0                      |
| Corporate            | 66.5   | 0.0                      | 17.2  | 0.0                      |
| <b>Total</b>         | <b>73.6</b>                                  | <b>0.0</b>               | <b>18.3</b>                                   | <b>0.0</b>               |

| Securitisation Exposures   | December 2019 \$m | September 2019 \$m |
|--|-------------------|--------------------|
| <b>On-balance sheet securitisation exposure retained or purchased:</b> |                   |                    |
| Liquidity funding facility (drawn)                                     | 3.4               | 2.5                |
| Securities held in the banking book                                    | 64.3              | 43.6               |
| <b>Off-balance sheet securitisation exposure:</b>                      |                   |                    |
| Liquidity funding facility (drawn)                                     | 0.0               | 0.0                |
| Securities held in the banking book                                    | 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.