

Xinja Bank Limited

APRA APS 330

Basel III Pillar 3

Disclosures

Quarter Ended 30 June 2020

Background

Xinja Bank Limited (Xinja), as an approved Authorised Deposit Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA), is required to comply with the disclosure requirements of APS 330 on a Level 2 basis. Reporting levels are in accordance with APRA definitions as per APRA Prudential Standard APS110: Capital Adequacy.

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Table 1: Capital Disclosures - Composition of Capital

The disclosures below are presented using the post 1 January 2018 common disclosure template as the Xinja Group has applied the Basel III regulatory adjustments from 1 March 2013, pursuant to APRA guidelines.

Common Equity Tier 1 capital: instruments and reserves		30 June 2020	Reference to reconciliation
		\$m	
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	89.2	(a)
2	Retained earnings	(64.2)	(b)
3	Accumulated other comprehensive income (and other reserves)	0.0	
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	0.0	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.0	
6	Common Equity Tier 1 capital before regulatory adjustments	25.0	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.0	
8	Goodwill (net of related tax liability)	0.0	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	(7.0)	(c)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0.0	
11	Cash-flow hedge reserve	0.0	
12	Shortfall of provisions to expected losses	0.0	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	0.0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.0	
15	Defined benefit superannuation fund net assets	0.0	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.0	
17	Reciprocal cross-holdings in common equity	0.0	
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)	0.0	
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)	0.0	
20	Mortgage service rights (amount above 10% threshold)	0.0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.0	
22	Amount exceeding the 15% threshold	0.0	
23	of which: significant investments in the ordinary shares of financial entities	0.0	
24	of which: mortgage servicing rights	0.0	
25	of which: deferred tax assets arising from temporary differences	0.0	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	0.0	
26a	of which: treasury shares	0.0	

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Common Equity Tier 1 capital: instruments and reserves		30 June 2020	Reference to reconciliation
		\$m	
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	0.0	
26c	of which: deferred fee income	0.0	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23		
Common Equity Tier 1 capital: regulatory adjustments (continued)			
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	0.0	
26f	of which: capitalised expenses	0.0	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	0.0	
26h	of which: covered bonds in excess of asset cover in pools	0.0	
26i	of which: undercapitalisation of a non-consolidated subsidiary	0.0	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	0.0	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.0	
28	Total regulatory adjustments to Common Equity Tier 1	(7.0)	
29	Common Equity Tier 1 Capital (CET1)	18.0	
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	0.0	
31	of which: classified as equity under applicable accounting standards	0.0	
32	of which: classified as liabilities under applicable accounting standards	0.0	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0.0	
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 ATI)	0.0	
35	of which: instruments issued by subsidiaries subject to phase out	0.0	
36	Additional Tier 1 Capital before regulatory adjustments	0.0	
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.0	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.0	
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)	0.0	
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)	0.0	
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	0.0	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	0.0	

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Common Equity Tier 1 capital: instruments and reserves		30 June 2020	Reference to reconciliation
		\$m	
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	0.0	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	0.0	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.0	
43	Total regulatory adjustments to Additional Tier 1 capital	0.0	
44	Additional Tier 1 capital (AT1)	0.0	
45	Tier 1 Capital (T1=CET1+AT1)	18.0	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	0.0	
47	Directly issued capital instruments subject to phase out from Tier 2	0.0	
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)	0.0	
49	of which: instruments issued by subsidiaries subject to phase out	0.0	
50	Provisions	0.0	
51	Tier 2 Capital before regulatory adjustments	0.0	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0.0	
53	Reciprocal cross-holdings in Tier 2 instruments	0.0	
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)	0.0	
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	0.0	
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	0.0	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	0.0	
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	0.0	
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	0.0	
57	Total regulatory adjustments to Tier 2 capital	0.0	
58	Tier 2 capital (T2)	0.0	
59	Total capital (TC=T1+T2)	18.0	
60	Total risk-weighted assets based on APRA standards	72.0	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	25.0%	
62	Tier 1 (as a percentage of risk-weighted assets)	25.0%	
63	Total capital (as a percentage of risk-weighted assets)	25.0%	
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%	

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Common Equity Tier 1 capital: instruments and reserves		30 June 2020	Reference to reconciliation
		\$m	
66	of which: ADI-specific countercyclical buffer requirements	0.0%	
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)	18.0%	
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	0.0	
73	Significant investments in the ordinary shares of financial entities	0.0	
74	Mortgage servicing rights (net of related tax liability)	0.0	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.0	
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)	0.0	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	0.0	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0.0	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0.0	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	0.0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0.0	
82	Current cap on AT1 instruments subject to phase out arrangements	0.0	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	0.0	
84	Current cap on T2 instruments subject to phase out arrangements	0.0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0.0	

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Reconciliation between Consolidated Balance Sheet and the Regulatory Balance Sheet

The following table discloses the consolidated Balance Sheet of Xinja Bank Limited and its subsidiaries as published in its audited financial statements.

\$m	Balance Sheet per published Audited Financial Statements	Adjustments	Balance Sheet under Regulatory Scope of Consolidation	Reference
	30 June 2020 \$m	30 June 2020 \$m	30 June 2020 \$m	
ASSETS				
Cash and deposits at call	121.1	0.0	121.1	
Due from other financial institutions	1.3	0.0	1.3	
Other financial assets	354.7	0.0	354.7	
Trade and other receivables	0.8	0.0	0.8	
Other assets	1.3	0.0	1.3	
Loans and advances	0.0	0.0	0.0	
Less: Provision				
Less: General Reserve for Credit Losses				
Right-of-use asset	7.0	0.0	7.0	
Property, plant and equipment	0.2	0.0	0.2	
Intangible assets	7.0	0.0	7.0	(c)
Deferred tax assets	0.0	0.0	0.0	
Total Assets	493.4	0.0	493.4	
LIABILITIES				
Deposits	457.4	0.0	457.4	
Trade and other payables	2.2	0.0	2.2	
Other financial liabilities	0.2	0.0	0.2	
Provisions	1.7	0.0	1.7	
Lease liability	6.9	0.0	6.9	
Total Liabilities	468.4	0.0	468.4	
Net Assets	25.0	0.0	25.0	
EQUITY				
Ordinary shares	89.2	0.0	89.2	(a)
Reserves	0.0	0.0	0.0	
Retained earnings	(64.2)	0.0	(64.2)	(b)
Total Equity	25.0	0.0	25.0	

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Table 2: Main Features of Capital Instruments

The main features of capital instruments for Xinja Bank Limited are updated on an ongoing basis and are available at the Regulatory Disclosures section of Xinja Bank's website at the following address: xinja.com.au/xinja-investor-information

Table 3: Capital Adequacy

The capital requirements are as follows:

\$m	30 June 2020	31 March 2020
Capital requirements (in terms of risk-weighted assets) for credit risk by portfolio for:		
Claims secured by residential mortgage	-	-
Other retail	-	-
Corporate	-	-
Banks and other ADI's	24.9	39.1
Government	0.0	0.0
Securitisation	-	-
Other	8.6	1.7
Total Credit Risk	33.5	40.8
Capital requirements (in terms of risk-weighted assets) for equity exposures in the IRB approach	-	-
Capital requirements (in terms of risk-weighted assets) for market risk	-	-
Capital requirements (in terms of risk-weighted assets) for operational risk	38.5	39.3
Capital requirements (in terms of risk-weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA-approved Australian-owned ADI's only)	-	-
Total Risk Weighted Assets	72.0	80.1
Common Equity Tier 1 Ratio	25%	18%
Tier 1 Ratio	25%	18%
Total Capital Ratio	25%	18%

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Table 4: Credit Risk

Quarterly Disclosure from 1 April 2020 – 30 June 2020						
Credit Risk	Gross Exposure	Average Gross Exposure	Value of loans - Impaired	Value of loans - Past Due	Specific Provisions	Bad Debts Written Off
	\$m	\$m	\$m	\$m	\$m	\$m
Claims secured by residential mortgage	-	-	-	-	-	-
Other retail	0.0	0.0	-	0.0	-	-
Corporate	-	-	-	-	-	-
Bank and other ADIs	122.4	148.9	-	-	-	-
Government	355.2	345.7	-	-	-	-
Securitisation	-	-	-	-	-	-
Other	8.6	9.1	-	-	-	-
Total by portfolio	486.2	503.7	-	0.0	-	-
Cash and Cash Equivalent	121.1	131.6				
Loans and advances	0.0	0.0				
Due from financial institutions	1.3	17.3				
Debt securities	354.7	344.5				
Commitments and other non-market off-balance sheet exposures	-	-				
Market-related off-balance sheet exposures	-	-				
Other assets	9.1	10.3				
Total by exposure type	486.2	503.7				
General reserve for credit losses \$nil						

Quarterly Disclosure from 1 January 2020 – 31 Mar 2020						
Credit Risk	Gross Exposure	Average Gross Exposure	Value of loans - Impaired	Value of loans - Past Due	Specific Provisions	Bad Debts Written Off
	\$m	\$m	\$m	\$m	\$m	\$m
Claims secured by residential mortgage	-	-	-	-	-	-
Other retail	0.0	0.0	-	0.0	-	-
Corporate	-	-	-	-	-	-
Bank and other ADIs	193.4	128.2	-	-	-	-
Government	295.7	102.8	-	-	-	-
Securitisation	-	-	-	-	-	-
Other	1.7	1.9	-	-	-	-
Total by portfolio	490.8	232.9	-	0.0	-	-
Cash and Cash Equivalent	150.0	107.5				
Loans and advances	0.0	0.0				
Due from financial institutions	43.4	20.7				
Debt securities	294.3	101.0				
Commitments and other non-market off-balance sheet exposures	-	-				
Market-related off-balance sheet exposures	-	-				
Other assets	3.1	3.7				
Total by exposure type	490.8	232.9				
General reserve for credit losses \$nil						

Table 5: Securitisation Exposures

Securitisation Exposure for the period 1 April 2020 – 30 June 2020		
Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type:	Total Exposures Securitised \$M	Recognised gain or loss on sale \$M
Residential mortgage	-	-
Aggregate amount of total securitisation exposures retained or purchased:	On balance sheet \$M	Off balance sheet \$M
Residential Mortgage	-	-

Securitisation Exposure for the period 1 January 2020 – 31 March 2020		
Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type:	Total Exposures Securitised \$M	Recognised gain or loss on sale \$M
Residential mortgage	-	-
Aggregate amount of total securitisation exposures retained or purchased:	On balance sheet \$M	Off balance sheet \$M
Residential Mortgage	-	-