

A man with a beard and a striped t-shirt is smiling warmly at another person whose back is to the camera. They are in a modern bank branch with "Hume Bank" visible on the wall in the background. The scene is brightly lit with recessed ceiling lights.

Hume Bank

Members' Report 2020.

Hume Bank

Purpose.

The bank for life.

Vision.

To be a successful, trusted bank.

The explorer's opportunity.

To respond to the challenges and opportunities in our environment, we updated our Strategic Business Plan 2019 – 2023: The Explorer's Opportunity.

The Strategic Business Plan is focused on steering the bank through a period of transformation as we reinvent and reposition ourselves to be a relevant, expanded and strong financial institution.

We remain differentiated via our unique position of being a citizen of regional NE Victoria and Southern NSW, championing the best of regional enterprise and creating strong and sustainable communities.

Our five strategic shifts.



Being human-centred.

People remain at the core of everything we do as we continue to enhance each and every customer experience.



Thinking beyond the bank.

Traditional banking has changed. We offer an anytime, anywhere service, in person and online, with optimised distribution and touch points.



Making connections.

We're using technology to foster greater collaboration within the region and beyond, to help drive innovation.



Striving for simplicity and exceeding expectations.

We're meeting our customers' expectations by providing simpler, smarter banking solutions.



Embracing data.

The insights from our data will enable Hume Bank to make informed and insightful decisions that will help meet our customers' needs.

Contents.

Performance	5
Chairman and CEO's Report	6
Local Board and Executive Management Team	8
Summary Financial Report	
Basis of Preparation of Summary Financial Statements	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Cash Flows	21
Directors' Declaration	22
Independent Audit Report	23



2020 key initiatives.



To be the bank for life. Our refreshed purpose underpins our commitment to invest in our region and communities now and for the future.



We launched our new brand positioning 'Bank Brighter', a statement that encapsulates our customer and community first focus.



We introduced Apple Pay and Google Pay™, providing customers with more choice to make contactless payments and offer the best possible digital banking experience.



We made banking easier for our customers with the introduction of a single account number for all their banking transactions.



We invested in smart technologies partnering with online platforms DocuSign and WebVOI to streamline the home loan process, and support the changing needs of our customers.



Increased our support for personal and business customers during the COVID-19 pandemic with financial relief packages to assist those affected by the crisis.



Tony Whiting, **Chairman**
and Stephen Capello, **CEO**

Performance.

LOANS & ADVANCES

\$953m

DEPOSITS

\$1.24bn

LOAN APPROVALS

\$295m

OPERATING PROFIT BEFORE TAX

\$5.7m

TOTAL CUSTOMERS

61,284

TOTAL ASSETS

\$1.34bn

Chairman and CEO's Report 2020.

The past year has been particularly challenging for our customers, our communities and our people. Firstly, we experienced the devastating effect of the summer bushfires, then the COVID-19 pandemic brought the entire world to a halt. In these unprecedented times, never has Hume Bank's purpose been so important, to support and build prosperous regions and communities for future generations - to be your bank for life.

Faced with the difficulties associated with the various State reactions to COVID-19, our leadership team and our people rose to the challenge of adapting to the 'new normal', enabling us to continue to deliver services to you in branch, over the phone or online. Hume Bank's ability to adapt quickly ensured that we were able to support your financial wellbeing and provide you with financial relief during this time.

Hume Bank's customer and business COVID-19 relief packages were able to assist those who needed it the most, with the possibility to defer loan repayments.

To support new and existing home owners, we lowered the interest rates of our fixed rate home loans and reduced the lending rate on our business customers to aid in their ability to manage cashflow. We also helped local businesses access up to \$100,000 of additional lending with the Hume Bank's Business Support Loan, as part of the government's COVID-19 SME Guarantee Scheme.

To ensure our customers were able to continue to bank with Hume Bank without interruption, we ensured our branches remained open, we increased the capacity of our Contact Centre and Customer Care teams to meet your needs and we were able to provide the support required to keep you safe by banking at home.

Relevant, expended and strong.

The pandemic has reinforced the importance of our long-term strategic priorities. Our updated Strategic Business Plan provides us with the guidance needed to ensure we remain a relevant, expanded and strong financial institution now and in to the future.

This year we refreshed our brand positioning and introduced Bank Brighter, encapsulating our customer and community first focus. Our desire to support you on life's great adventures is what will enable growth, transformation and our future success. Bank Brighter means simplifying our processes, our language and empowering staff to build meaningful connections with all customers.

We continued to invest in digital transformations as part of our commitment to provide the best digital banking experience. The launch of our digital wallet offering with Apple Pay and Google Pay™, enables you to manage your money when and how you choose. Our partnership with online platforms DocuSign and WebVOI now makes the home loan application process seamless and more convenient, giving you the ability to sign loan documents and verify your identity online, anywhere and on any device.

Anywhere also means being able to support you when you move outside of the Albury Wodonga region. Our expanded capabilities allow us to continue servicing your needs at every stage of your financial journey, with a Hume Bank lender based in Melbourne. We also know that many in our community rely on brokers for mortgage advice. Through our broker partnerships, Hume Bank is now able to be a part of the home lending conversation, with a competitive home loan offering, no matter where our customers may live.

We take our responsibilities seriously and we respect the trust you have placed in us to protect and manage your finances. We continue to invest in human capabilities, banking infrastructures and cybersecurity technologies to continuously strengthen our operational resilience.

Result driven.

As your local trusted bank, we're committed to being unquestionably strong, by being agile and responsive to the forever changing economic landscape.

Our 2019/20 results reflect the resilience of our bank and our ability to effectively balance our deposit and lending portfolios. Deposits continued to grow strongly to \$1.24 billion, an 11.5% increase on last year. Lending growth rose by 4.7% with net loans and advances at \$952 million.

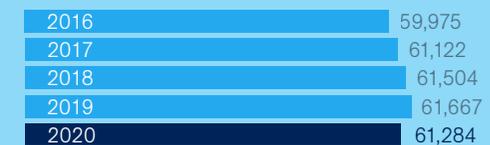
Our lending capabilities have continued to help thousands of individuals and business. We enable local prosperity by providing finances for our customers to achieve their goals at any stage of their life journey.

Despite four reductions in the RBA's official cash rate this past year, and the COVID-19 crisis bringing market volatility, uncertainty and a period of negative growth, Hume Bank's core operating profit before impairment and taxes improved by 6% to \$7.7 million. However, with the COVID-19 crisis significantly impacting the economic landscape, Hume Bank prudently increased its expected credit loss provisions, decreasing our operating profit before tax to \$5.7 million, a 17% decrease on the prior year. As a customer-owned bank, all profits will be reinvested to benefit our customers and their communities. Despite the economic challenges, Hume Bank performed strongly, increasing total assets to \$1.34 billion, an increase of 11.1% on last year.

OPBT & Impairment



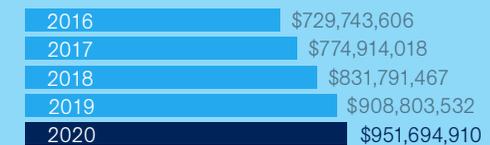
Customer Number Growth



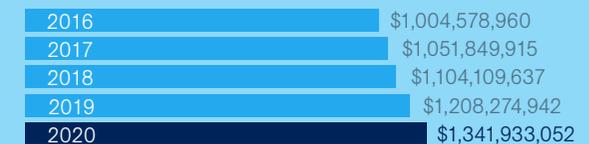
Total Deposits (\$m)



Net Loan & Advances (\$m)



Total Assets (\$m)



Community Impact.

At Hume Bank, we pride ourselves on being part of the community. Our connection to the community comes from our people who live and work in our region, providing an understanding and greater ability to meet our customer needs. We value this community spirit and that's what being customer owned is all about. A bank by and for the community. It is this important difference that ties us closer to the regions we serve and why we're best positioned to understand our customers. For 65 years we have been committed to having a positive impact in the communities we serve. We believe in playing a part and this comes by giving back and supporting the communities that support us, as a part of our core purpose as a company. It is about being more than a bank, where we have a positive impact on society for the benefit of all.

This past year, we continued to support our customers through our network of branches for their everyday banking needs. We partnered with local schools as part of our school banking initiative and we engaged with and provided financial and in-kind support to many community events, projects and initiatives that aim to improve the lives of our communities.

We care about the health and wellbeing of our communities. We partnered with Albury Wodonga's local community foundation Border Trust to raise \$112,000 for local bushfire affected communities. The funds raised will help support projects and initiatives aimed at medium and long-term recovery of impacted areas.

We renewed our partnership with Hume Bank City 2 City RunWalk and raised \$75,000 in support of Albury Wodonga Health. We made a positive big splash in raising awareness for and supporting local mental health resources at the Hume Bank Big Splash as the major partner for the event, raising over \$14,000 this year. Through this partnership, we have been able to make a real difference on the Border for mental health with over \$100,000 raised in the last seven years.

Looking towards the future.

In this challenging and uncertain environment, the strength of Hume Bank has clearly been demonstrated with positive net cashflows of \$56.8 million and net profit after tax of \$3.9 million following conservative provisioning, meeting our objective to be an unquestionably strong bank.

Our number one focus remains our customers' financial wellbeing and supporting your banking needs. Guided by our Strategic Business Plan, we continue to build a strong financial institution leveraging our unique regional positioning to shape and position Hume Bank as a regional icon in years to come.

We look positively towards the future. The strength of our balance sheet puts us in the best position to respond to any market volatility. We are prepared, which allows us to respond quickly, efficiently and appropriately to our economic environment.

With guidance from the Board of Directors, our CEO Stephen Capello and his leadership team have continued to deliver another successful year in an incredibly tough environment. On behalf of our customers, we thank all of you.

We cannot help but commend our people for their constant dedication and contribution to the growth of your trusted local bank. Their resilience and work ethic is a key factor in the success of our bank and why we are able to deliver for our customers every day.

Lastly, to our customers, as part owners of Hume Bank, our ultimate commitment is to you. We will continue to work toward customer service excellence, in the product we design and the personalised service we provide you with. As your local trusted bank, we strive to be a regional icon in the years to come, investing in and building prosperous regions and communities for future generations. Hume Bank, your bank for life.

Our Board.



Tony Whiting

**Chairman,
Non-executive Director**

B Com



Kay Thawley

Non-executive Director

B Bus, GAICD



Paul McGill

Non-executive Director

B Sc, GAICD



Henrietta Cruddas

Non-executive Director

Until March 2020

B Sc (Hons), GAICD, LLM
(Academique)



Michael Gobel

**Deputy Chairman,
Non-executive Director**

B Sc, MAppFin, GAICD



Kerry Grigg

Non-executive Director

B Com, M Com (Marketing)
(Hons), PhD, GAICD



Kent Griffin

Non-executive Director

FIAA, B Economics (Actuarial
Studies), GAICD

Executive Management Team.



Stephen Capello

Chief Executive Officer

MBA, FCPA, GAICD and
B Business (Commerce)



Kristy Campbell

**Chief People &
Change Officer**

BA Arts (HR & Media Studies),
Adv. Dip. Management



Alison Prentice

Chief Risk Officer

Assoc. Dip (Accounting)



Carly Brown

Chief Sales Officer

BA Business (Accounting), CA



Lisa Ryan

Chief Technology Officer

MBA, GAICD



Jarrod O'Neill

Chief Financial Officer

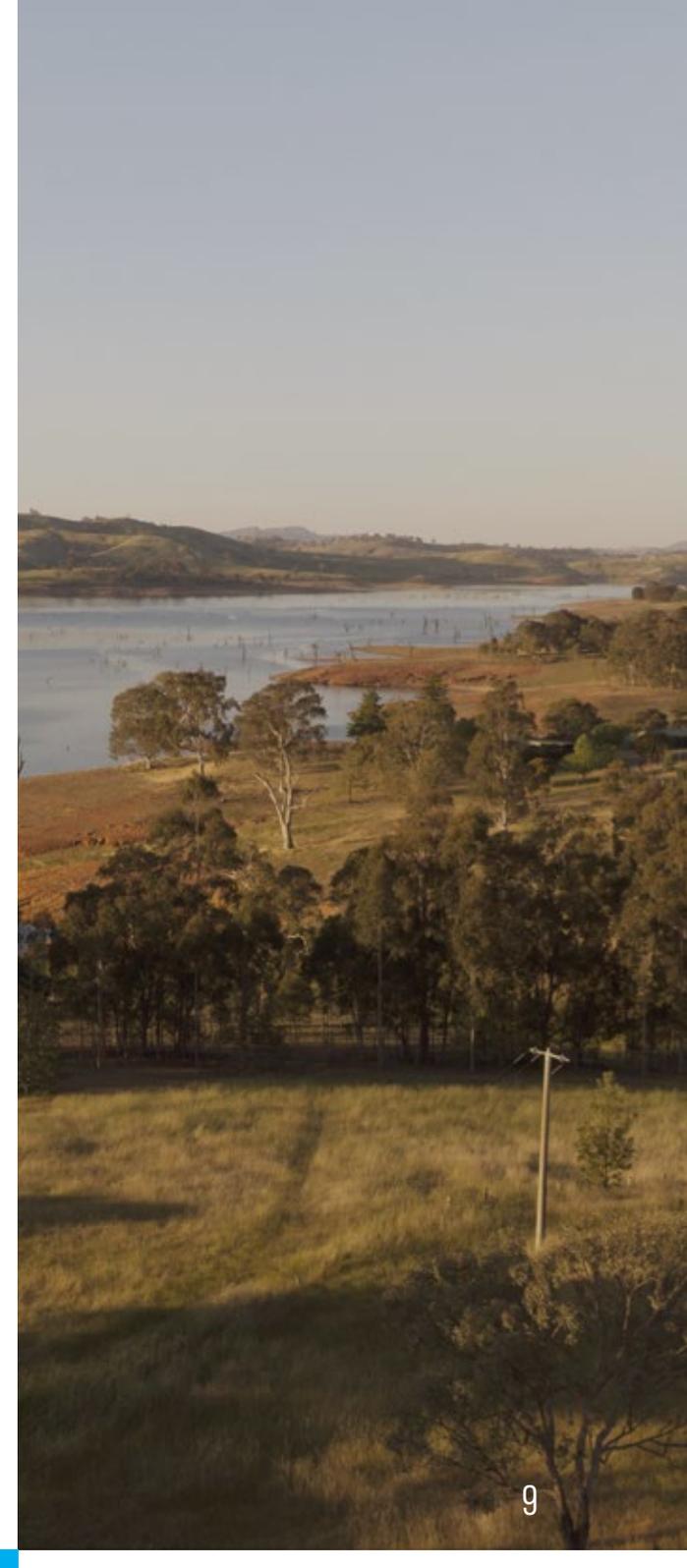
BA Business (Accounting) and
Grad Dip (Accounting), CA



Jason Woolhouse

**Chief Design &
Marketing Officer**

B Sc, min Bus



Leading with purpose.

We refreshed our purpose to remain relevant to the changing needs of our employees, customers and our communities. Our intent was to align our purpose and our vision, to meet the future demands of a banking institution.

Our refreshed purpose, 'To be the Bank for Life' aligns our desire to be with our customers every step of the way, no matter how they interact with Hume Bank. We're committed to investing and building a prosperous region and community for future generations.

Our commitment is to ensure our products and services are designed for our customers needs, and the initiatives and projects we support are the ones that benefit our customers, employees and communities the most. We believe these are the fundamentals for our growth and success.





The Brighter side of banking.

We launched our new brand positioning, Bank Brighter, designed to encapsulate our customer and community first focus.

The Bank Brighter message is underpinned by our values and desire to simplify banking for our customers, empower our employees and build meaningful partnerships with our communities.

Bank Brighter is optimistic. It's active. It's smart. It speaks with a sense of positivity and confidence. It talks to the serious banking credentials and intelligence behind our products. It encapsulates our customer and community first focus and provides a simple, human promise for us to live up to, every day.

We've always believed that the future is bright. In 1955, we started life as a Co-operative Building and Investment Society. We did so to help people in our community achieve their dream of owning a home. Since then, we've grown to become one of Australia's most successful regional banks. We remain 100% customer-owned, by your side for life's great adventures. We believe that's what makes Banking Brighter.

You would have noticed a little touch of Bank Brighter in our logo and the colours utilised in our branches and on the website. We look forward to sharing more of the Bank Brighter journey with you.

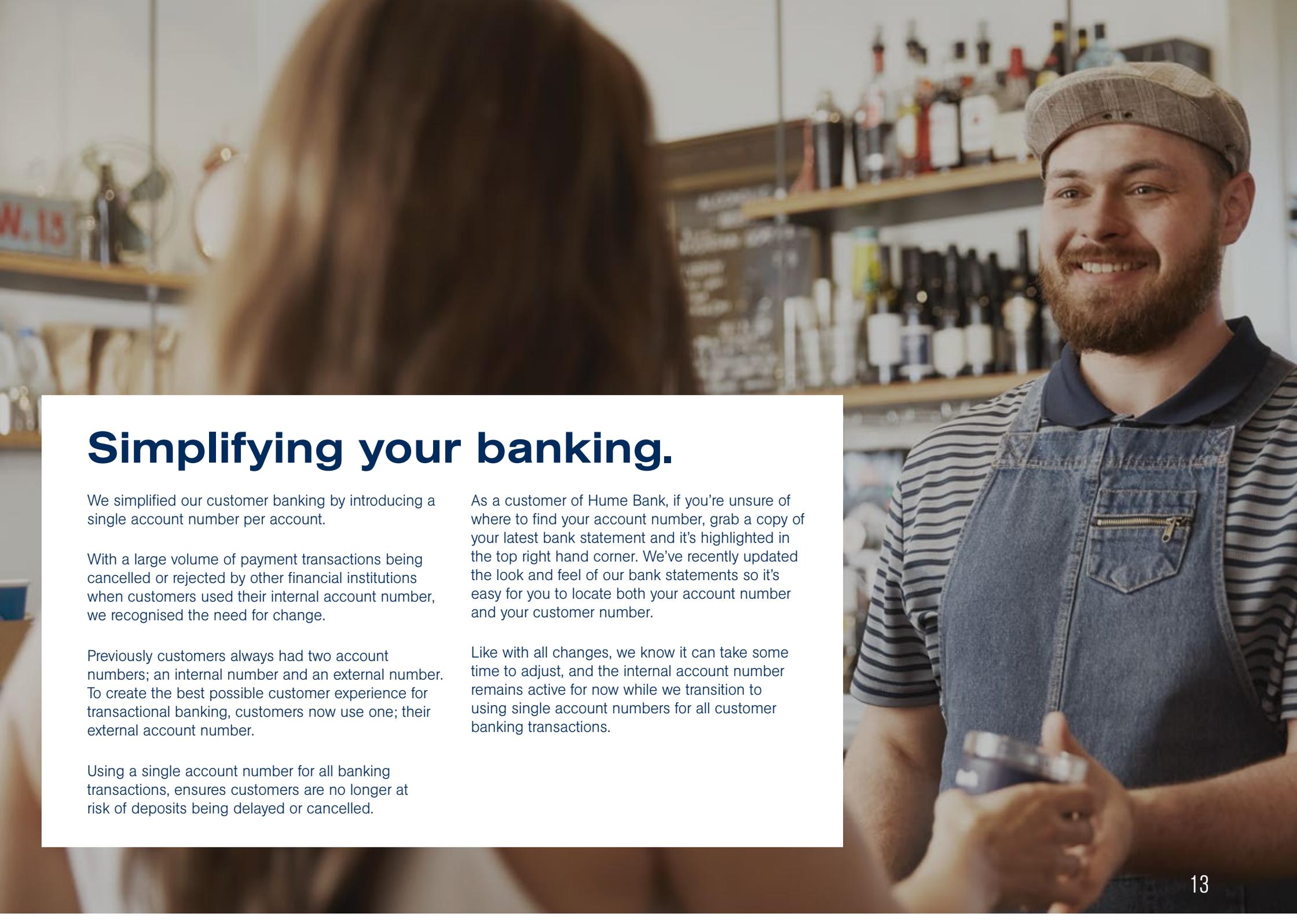


Safer, more private ways to pay.

We introduced two new digital wallets, Apple Pay and Google Pay™, providing our customers with more choice to make contactless payments, as part of our commitment to offer the best possible digital banking experience.

Digital wallets enable payments at millions of places – online, in app and when customers are in store. They are simple and easy to use, connecting to everyday devices like your phone, watch, tablet or computer. The days of searching for cards and wallets at the register are long gone. Digital wallets are private and secure, as your card details are not stored on your device or handed over at the point of sale. Customers can conveniently use Apple Pay or Google Pay™ anywhere contactless payments are accepted.

Digital wallets are part of the technology innovations we've invested in to meet the changing needs of our customers and offer more choice.



Simplifying your banking.

We simplified our customer banking by introducing a single account number per account.

With a large volume of payment transactions being cancelled or rejected by other financial institutions when customers used their internal account number, we recognised the need for change.

Previously customers always had two account numbers; an internal number and an external number. To create the best possible customer experience for transactional banking, customers now use one; their external account number.

Using a single account number for all banking transactions, ensures customers are no longer at risk of deposits being delayed or cancelled.

As a customer of Hume Bank, if you're unsure of where to find your account number, grab a copy of your latest bank statement and it's highlighted in the top right hand corner. We've recently updated the look and feel of our bank statements so it's easy for you to locate both your account number and your customer number.

Like with all changes, we know it can take some time to adjust, and the internal account number remains active for now while we transition to using single account numbers for all customer banking transactions.



Smart Technologies.

We invested in new technology, partnering with online platforms DocuSign and WebVOI to improve the online home loan process and support the changing needs of our customers. The new platforms simplify and fast-track steps for customer home loan applications.

By partnering with DocuSign and WebVOI, our customers now have the ability to verify their identity online anywhere, anytime and sign their mortgage documents from a device that's convenient for them.

We're committed to giving our customers choice and improving their experience when using our products and services. By allowing customers to digitally verify their identity or sign their contracts, we make the home loan process simpler, easier and more convenient.

We'll continue to invest in smart technology to improve our lending application processes and better support customer needs.



Here when you need us the most.

When the COVID-19 pandemic hit, our objective was clear, to support our customers and their financial needs in whatever the situation they may have been facing.

As an essential service and an integral part of our community's day to day life, we kept our network of branches open and introduced measures to safeguard our customers' health and safety when transacting in branch. We assisted those among us who were hit with financial hardship by offering deferred loan repayments for up to 6 months, lowering the rates of our 1 year and 2 year fixed home loans, and raising the return of our 12 months term deposit to help maximise customers' saving during these unprecedented times. Business customers who were impacted by the pandemic were able to access up to \$100,000 of funding through our Business Support Loan as well as seeing a reduction in rates for overdrafts and line of credit facilities, designed to help businesses weather the economic turbulence created by COVID-19.

As the crisis continued to unfold, we were committed to assisting in the best way we know how – with compassion and expert financial guidance, providing relief at times of need.





Summary Financial Report.

For the year ended 30 June 2020

Basis of Preparation of Summary Financial Statements	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Cash Flows	21
Directors' Declaration	22
Independent Audit Report	23

Hume Bank Limited
ABN 85 051 868 556 | AFSL No. 244248 | Australian Credit Licence No. 244248

Basis of Preparation of Summary Financial Statements.

These summary financial statements have been extracted from the full audited consolidated financial report of Hume Bank Limited for the year ended 30 June 2020. They comprise Hume Bank Limited, the ultimate parent company, and its subsidiary (together, the 'Group').

The Directors have extracted the following statements from the full audited financial report:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows

For inclusion in the summary financial statements, on the basis that this is the most relevant information to the users of these statements.

The summary financial results for the year ended 30 June 2020 have been prepared in accordance with the framework concepts and the recognition and measurement requirements of Australian Accounting Standards.

The auditors' report on the full financial report is an unqualified audit opinion with an emphasis of matter regarding uncertainties of COVID-19 impacts.

The summary financial statements do not contain sufficient information to allow as full an understanding of the results and affairs of the Group as is provided in the full audited financial report. The 2020 Annual report containing the full audited financial report is available on the Hume Bank Limited website.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 ** \$'000
Interest income		
Interest revenue	39,876	43,613
Interest expense	(13,256)	(16,914)
Net interest income	26,620	26,699
Non-interest income		
Fees and commissions from non-customers	2,850	2,915
Fees and commissions from customers	2,218	2,193
Other non-interest income	403	532
Total non-interest income	5,471	5,640
Total operating income	32,091	32,339
Operating expenses		
Personnel costs	(11,795)	(12,207)
Occupancy costs	(1,104)	(2,088)
ATM, Eftpos & electronic transaction processing costs	(3,058)	(3,368)
Depreciation and amortisation	(2,345)	(1,291)
Information technology expenses	(2,056)	(1,955)
Marketing expenses	(1,103)	(900)
Other operating expenses	(2,919)	(3,290)
Total operating income	(24,380)	(25,099)
Impairment of loans and advances	(1,981)	(327)
Operating profit before fair value adjustments	5,730	6,913
Fair value adjustments	(30)	-
Profit before income tax	5,700	6,913
Income tax expense	(1,804)	(1,904)
Profit for the year	3,896	5,009
Other comprehensive income, net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation of property	371	-
Revaluation of financial assets	27	63
<i>Items that may be reclassified subsequently to profit or loss</i>		
Change in fair value of cash flow hedges	-	-
Other comprehensive income, net of tax	398	63
Total comprehensive income for the year attributable to members	4,294	5,072

The consolidated statement of profit or loss and other comprehensive income has been extracted from the annual statutory financial statements.

** The Group has not restated comparatives when initially applying AASB 16 Leases. The comparative information has been prepared under AASB 117 Leases.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

	2020 \$'000	2019 ** \$'000
Assets		
Cash and cash equivalents	62,491	51,865
Receivables due from other financial institutions	90,694	53,000
Investment securities	222,492	181,672
Trade and other receivables	1,681	1,974
Loans and advances	951,695	908,804
Other investments	325	295
Investment property	1,740	1,770
Property, plant and equipment	7,254	7,269
Intangible assets	283	385
Right-of-use assets	1,970	-
Deferred tax assets	1,309	1,241
Total assets	1,341,934	1,208,275
Liabilities		
Deposits	1,240,544	1,112,521
Trade and other payables	11,954	12,099
Income tax payable	229	361
Provision for employee benefits	2,039	2,446
Lease liabilities	2,026	-
Total liabilities	1,256,792	1,127,427
Net assets	85,142	80,848
Members' funds		
Reserves	4,192	3,672
Retained earnings	80,950	77,176
Total members' funds	85,142	80,848

The consolidated statement of financial position has been extracted from the annual statutory financial statements.

** The Group has not restated comparatives when initially applying AASB 16 Leases. The comparative information has been prepared under AASB 117 Leases.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 ** \$'000
Cash flows from operating activities		
Interest received	40,239	43,629
Interest paid	(14,688)	(16,708)
Other non-interest revenue received	5,392	4,907
Cash paid to suppliers and employees	(21,086)	(20,977)
Fees and commissions paid	(69)	(57)
Income tax paid	(2,009)	(2,055)
	7,779	8,739
<i>(Increase)/decrease in operating assets:</i>		
Net (increase)/decrease in loans and advances	(44,872)	(77,339)
Net increase/(decrease) in deposits	128,022	96,170
Net cash flows from operating activities	90,929	27,570
Cash flows from investing activities		
Net (increase)/decrease in receivables due from other financial institutions	-	2,977
Net (increase)/decrease in investments securities	(32,379)	(5,197)
Payments for property, plant and equipment	(406)	(265)
Proceeds from sale of property, plant and equipment	17	66
Payments for intangible assets	(208)	(116)
Net cash flows from investing activities	(32,976)	(2,535)
Cash flows from financing activities		
Proceeds from/(payments of) borrowings	-	-
Repayment of lease liabilities	(1,192)	-
Net cash flows from financing activities	(1,192)	-
Net increase/(decrease) in cash held	56,761	25,035
Cash at the beginning of the financial year	236,269	211,234
Cash at the end of the financial year	293,030	236,269

The consolidated statement of cash flows has been extracted from the annual statutory financial statements.

** The Group has not restated comparatives when initially applying AASB 16 Leases. The comparative information has been prepared under AASB 117 Leases.

Directors' Declaration.

In the opinion of the directors of Hume Bank Limited (the Company and its subsidiaries, 'the Group'), the accompanying summary financial statements of the Group for the year ended 30 June 2020 set out in pages 17 to 21:

1. Have been derived from or are consistent with the full audited financial report for the year ended 30 June 2020; and
2. Do not contain all the disclosures required by Australian Accounting Standards, the Corporations Act 2001, Corporations Regulations 2001 and International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of Hume Bank Limited.

Signed in accordance with a resolution of Directors:



Anthony Whiting
Chairman



Michael Gobel
Deputy Chairman

Albury, 24 September 2020



Crowe Albury

ABN 16 673 023 918
491 Smollett Street
Albury NSW 2640 Australia
PO Box 500
Albury NSW 2640 Australia
Main 02 6021 1111
Fax 02 6041 1892
www.crowe.com.au

Report of the Independent Auditor on the Summary Financial Statements

To the Members of Hume Bank Limited

Opinion

The accompanying summary financial statements, which comprise the summary consolidated statement of financial position as at 30 June 2020, the summary consolidated statement of profit or loss and other comprehensive income and summary consolidated cash flow statement for the year then ended, are derived from the audited financial report of Hume Bank Limited (the Company and its subsidiaries, 'the Group') for the year ended 30 June 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial report, on the basis described on page 18 of the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards, *Corporations Act 2001* and *Corporations Regulations 2001*. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon.

The Audited Financial Report and our Report Thereon

We expressed an unqualified audit opinion with an emphasis of matter regarding uncertainties of COVID-19 impacts on the financial report, in our report dated 24 September 2020.

Directors' Responsibility for the Summary Financial Statements

The directors of the Company are responsible for the preparation of a summary of the audited financial report on the basis described on page 18 of the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

CROWE ALBURY

ALISON FLAKEMORE
Partner

24 September 2020
Albury

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Albury, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

© 2019 Findex (Aust) Pty Ltd

492 Olive Street, Albury NSW 2640

Phone: 1300 004 863

humbank.com.au

Hume Bank