ANNUAL FINANCIAL REPORT **2015**

Hume Bank

Our Values

cracr

COMPASSION
We seek to understand and support the needs and goals of customers, each other and the community.

RESPECT
We are inclusive and will act fairly, honestly and with integrity with consideration for others.

ASPIRATION
We empower and challenge each other to deliver operational excellence and will strive to improve everything we do.

COMMITMENT
We work together as a team with dedication and loyalty to our organisation and take responsibility for our actions.

RESPONSIVE
We act with purpose, conviction and courage to deliver in a timely manner.

FINANCIAL REPORT
for the year ended 30 June 2015

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

CONTENTS

Hume Bank

Directors' Report

The Directors present their report, together with the financial statements of Hume Bank Limited (the 'company'), for the financial year ended 30 June 2015 and the Auditor's report thereon.

Directors

The names of the Directors of the company at any time during or since the end of the financial year are:

Name and qualifications	*Experience and special responsibilities*
Michael Conrad Gobel B.Sc, MAppFin, GAICD Independent, non-executive Director.	Board member since November 2012, Chairman since November 2013 and Deputy Chairman from November 2012 to November 2013. Member of the Risk Committee and the Remuneration and Succession Committee (Chairman from November 2013 until November 2014). Former member of the Audit Committee. Michael has provided strategic financial advice to the private business sector, major domestic and international investment funds and government borrowing authorities. Michael is a former Board member of Hothouse Theatre.
Henrietta Rachel Cruddas B. Sc (Hons), GAICD Independent, non-executive Director.	Solicitor. Board member and Deputy Chairman since November 2013. Previously a Board member from May 2011 to August 2012. Chairman of the Risk Committee and member of the Audit Committee. Henri has been a legal and compliance specialist in the financial services industry for the last 25 years in Australia, the UK and Asia.
Ulf Olof Ericson B. Ec, B. Comm, Grad Dip Advanced Taxation Law, Dip Law (BAB), FCA, MAICD, CTA Independent, non-executive Director.	Chartered Accountant – Partner Huon Partners, Chartered Accountants. Board member since June 1988 and Chairman from August 1998 to June 2012. Member of the Risk Committee, the Audit Committee and the Remuneration and Succession Committee. Ulf is the Chairman of the Wodonga Institute of TAFE and Board Member of the Community Advisory Board for the Albury Wodonga Campus of the University of NSW Rural Clinical School.
William Thomas Hanrahan B Bus, B Leg S, Cost Acc P Cert, Dip Sec Inst, S F Fin, FCA, FCPA, FCIS FGIA, FAICD, B Rel Studies, Hon Dr Bus CSU. Non-independent, non-executive Director.	Former CEO of the company for 20 years. Board member since June 1985. Member of the Risk Committee and the Remuneration and Succession Committee. Former member of the Audit Committee. Former Chairperson of the Albury-Wodonga Corporation for 17 years from 1997 to 2014. Bill has an ongoing association with Charles Sturt University, including a previous period as a member of the University Council, and is currently a member of the Murray Hume Regional Consultative Committee. Bill has also been involved as a member or chair of other Audit Committees.
Leo Francis O'Reilly GAICD Independent, non-executive Director.	Former Chartered Accountant - former partner of an Accounting Firm. Board member since February 1998. Chairman of the Audit Committee and member of the Risk Committee. Leo is the Chairman of the AlburyCity Audit Committee, a former Director of Hume Medicare Local and former Chairman of Hume Medicare Local Audit and Risk Committee.
Karyl Denise Osborne Independent, non-executive Director. Resigned from the Board in August 2014.	Board member from March 2007 until August 2014. Former member of the Remuneration and Succession Committee. Denise is a Councillor of the Greater Hume Shire, Chairman of St Johns Lutheran Primary School Board and is on the Boards/Committees of Back to Reality, Murray Arts, ATEL, Board of Local Government NSW and Albury-Hume Local Emergency Management.
Feynella Joy Stocker B. Ed, M Ed (Adult Ed) Independent, non-executive Director.	Former Director of Educational Planning and Development, TAFE NSW Riverina Institute. Board member since October 1993. Deputy Chairman from November 2008 to November 2012. Chairman of the Remuneration and Succession Committee and member of the Risk Committee. Former member of the Audit Committee. Joy maintains ongoing involvement with Charles Sturt University and community organisations.
Kay Denise Thawley B.Bus, GAICD Independent, non-executive Director. Appointed to the Board in August 2014.	Former Senior Executive with the National Australia Bank, former Partner with Deloitte Touche Tohmatsu and former Chief Executive Officer of Industry Fund Services. Board member since August 2014. Member of the Risk Committee and the Audit Committee. Kay is a Board member of the Wodonga Institute of TAFE and member of the Indigo Shire Audit Committee.

Company Secretary

Mr David Gavin Marshall, BCom (Agriculture), PGradCom and Mr Wayne Anthony Nagle, BA (Accounting), CA were appointed joint company secretaries in February 2015. Mr Marshall is the Chief Executive Officer of the company and Mr Nagle is the Chief Financial Officer of the company. Mr Andrew Glenn Saxby, B Bus was company secretary from June 2004 until February 2015. Mr Saxby was the Chief Executive Officer of the company.

Directors Meetings

The Number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board of Directors	Risk Committee	Audit Committee	Remuneration & Succession Committee
Number of meetings held:	12	3	5	5
Number of meetings attended:				
Henrietta Rachel Cruddas	12	3	5	n/a
Ulf Olof Ericson[1]	12	3	4	4
Michael Conrad Gobel[2]	12	3	3	5
William Thomas Hanrahan	12	3	n/a	5
Leo Francis O'Reilly	12	3	5	n/a
Karyl Denise Osborne[3]	2	n/a	n/a	1
Feynella Joy Stocker	11	3	n/a	5
Kay Denise Thawley[4]	11	3	2	n/a

1 Appointed to the Remuneration & Succession Committee in November 2014
2 Resigned from Audit Committee in November 2014
3 Resigned from the Board and the Remuneration & Succession Committee in August 2014
4 Appointed to the Board in August 2014 and to the Audit Committee in November 2014

Corporate Governance Statement

The Board's primary responsibility is to the members of the company to maintain the company's success. It participates in the development of the strategic plan and has authority for its approval. It also approves the annual budget and has responsibility for the appointment, remuneration and performance appraisal of the Chief Executive Officer. The Board delegates responsibility for the management of the company to the Chief Executive Officer and Senior Management.

The Board generally meets on a monthly basis and conducts an annual evaluation of its own performance and that of individual Directors. An allowance is made for professional development of all Directors and, to assist the Board in the execution of its responsibilities, the Board has established committees as noted below.

Committees of Directors

Audit Committee

The Audit Committee is a Board appointed committee comprising of four non-executive Directors. Its principal responsibility is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the company's financial reporting, internal control system, risk management framework and internal and external audit functions. The Chief Executive Officer, Internal Auditor and External Auditors are invited to attend meetings however the Committee may meet without them. The Audit Committee is chaired by Leo O'Reilly.

Risk Committee

The Risk Committee was established in December 2014 and is a Board delegated committee comprising of all seven non-executive Directors. Its principal responsibilities are to assist the Board to fulfil its oversight responsibilities in relation to the implementation and operation of the company's risk management framework and the review and approval of policies which are required under the company's risk management framework. The Risk Committee also makes recommendations to the Board based on the company's risk appetite. The Chief Executive Officer will generally attend meetings and the Risk Manager must attend relevant sections of meetings, however the committee may meet without Management. The Risk Committee is chaired by Henri Cruddas.

Remuneration & Succession Committee

The Remuneration and Succession Committee is a Board appointed committee of four non-executive Directors. It is responsible for reviewing the performance of the Chief Executive Officer and making recommendations to the Board regarding his remuneration. It reviews appraisals and remuneration recommendations for the Senior Managers submitted by the Chief Executive Officer and also the Remuneration and Reward Policy which establishes staff remuneration structures. It also develops Board succession planning for consideration by the Board. The Committee has been chaired by Joy Stocker since November 2014; prior to which the Committee was chaired by Michael Gobel.

Principal activities

The principal activities of the company during the course of the financial year were those of an Authorised Deposit-taking Institution providing financial products and services to its members.

There were no significant changes in the nature of these activities during the period.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review.

Review and results of operations

The company achieved a profit before income tax of $4.678 million for the year (2014 - $3.967 million). Net profit after income tax was $3.275 million (2014 - $2.763 million). The result was based on an increase in total assets of 5.2% or $47.219 million to $950.392 million on the back of net loan approvals of $144 million (2014 - $127 million). Net loans and advances outstanding at 30 June 2015 were $678.027 million (2014 - $671.705 million) and deposits by customers were $872.171 million (2014 - $826.973 million).

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

There are no known likely developments at the date of this report that will impact on the operations of the company in a material way.

Directors' benefits

During or since the end of the financial year, no Director of the company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of compensation paid or payable to Key Management Personnel as shown on page 34 of the general purpose financial statements) by reason of a contract entered into by the company (or an entity that the company controlled, or a body corporate that was related to the company when the contract was made, or when the Director received, or became entitled to receive, the benefit) with:

- a Director,
- a firm of which a Director is a member, or
- an entity in which a Director has a substantial financial interest.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the financial year ended 30 June 2015.

Indemnification and insurance of Officers and Auditors

The company has agreed to indemnify any past, present or future Director, Secretary or Officer of the company in respect of liabilities to other persons (other than the company) that may arise from their position as Director, Secretary or Officer of the company, except where the liability arises out of conduct involving a lack of good faith. The company has entered into an insurance policy to cover the company's liability under the indemnity. The insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

The company has not indemnified its Auditors, Crowe Horwath Albury.

Public disclosure of prudential information

Prudential Standard APS 330 Public Disclosure requires the company to meet minimum requirements for the public disclosure of information. This information is published on the company's website under Regulatory Disclosures.

Rounding

The amounts in the financial statements and Directors' report have been rounded off to the nearest thousand dollars, in accordance with ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), unless otherwise stated.

Signed in accordance with a resolution of the Directors:

Michael Gobel Chairman	Henrietta Cruddas Deputy Chairman

Albury, 20 August 2015

Crowe Horwath Albury
ABN 16 673 023 918
Member Crowe Horwath International
491 Smollett Street
Albury NSW 2640 Australia
PO Box 500
Albury NSW 2640 Australia
Tel 02 6121 1111
Fax 02 6041 1892
www.crowehorwath.com.au

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Hume Bank Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hume Bank Limited and the entities it controlled during the financial year ended 30 June 2015.

CROWE HORWATH ALBURY

DAVID MUNDAY
Partner

Albury, 20 August 2015

Crowe Horwath Albury is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Interest revenue	2	**42,493**	43,895
Interest expense	2	**(21,208)**	(23,609)
Net interest income		**21,285**	20,286
Non-interest income	3	**4,243**	4,237
Total operating income		**25,528**	24,523
Impairment of loans and advances	13	**(101)**	(208)
Other expenses	4	**(20,749)**	(20,065)
Operating profit before fair value adjustments		**4,678**	4,250
Fair value adjustments	5	**-**	(283)
Profit before income tax		**4,678**	3,967
Income tax expense	6	**(1,403)**	(1,204)
Profit for the year		**3,275**	2,763
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property		**-**	225
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges		**38**	12
Other comprehensive income, net of tax		**38**	237
Total comprehensive income for the year attributable to members		**3,313**	3,000

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes set out on pages 11 to 48.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Note	Retained Earnings	General Reserve for Credit Losses	Asset Revaluation Reserve	Capital Profits Reserve	Cash Flow Hedge Reserve	Total Reserves	Total Members' Funds
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014								
Opening balance at 1 July 2013		54,759	1,174	814	593	-	2,581	57,340
Net profit for the year		2,763	-	-	-	-	-	2,763
Total other comprehensive income		-	-	225	-	12	237	237
Transfers to/(from) reserves		(21)	21	-	-	-	21	-
Closing balance at 30 June 2014	25, 26	57,501	1,195	1,039	593	12	2,839	60,340
2015								
Opening balance at 1 July 2014		**57,501**	**1,195**	**1,039**	**593**	**12**	**2,839**	**60,340**
Net profit for the year		**3,275**	**-**	**-**	**-**	**-**	**-**	**3,275**
Total other comprehensive income		**-**	**-**	**-**	**-**	**38**	**38**	**38**
Transfers to/(from) reserves		**(102)**	**102**	**-**	**-**	**-**	**102**	**-**
Closing balance at 30 June 2015	25, 26	**60,674**	**1,297**	**1,039**	**593**	**50**	**2,979**	**63,653**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes set out on pages 11 to 48.

Consolidated Statement of Financial Position

as at 30 June 2015

	Note	2015	2014
		$'000	$'000
Assets			
Cash and cash equivalents	7	**54,339**	42,897
Receivables due from other financial institutions	8	**75,745**	67,874
Investment securities	9	**130,676**	108,661
Trade and other receivables	10	**906**	1,169
Derivative financial instruments	11	**71**	16
Loans and advances	12	**678,027**	671,705
Other investments	14	**204**	204
Investment property	15	**1,746**	1,746
Property, plant and equipment	16	**6,630**	6,996
Intangible assets	17	**578**	449
Deferred tax assets	18	**1,470**	1,456
Total assets		**950,392**	903,173
Liabilities			
Deposits	19	**872,171**	826,973
Trade and other payables	20	**9,949**	11,107
Income tax payable	21	**367**	571
Deferred tax liabilities	22	**-**	5
Provision for employee benefits	23	**2,252**	2,177
Borrowings	24	**2,000**	2,000
Total liabilities		**886,739**	842,833
Net assets		**63,653**	60,340
Members' funds			
Reserves	25	**2,979**	2,839
Retained earnings	26	**60,674**	57,501
Total members' funds		**63,653**	60,340

The consolidated statement of financial position is to be read in conjunction with the accompanying notes set out on pages 11 to 48.

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Note	2015	2014
		$'000	$'000
Cash flows from operating activities			
Interest received		**42,721**	43,955
Interest paid		**(22,030)**	(24,604)
Other non-interest revenue received		**4,265**	4,190
Cash paid to suppliers and employees		**(19,644)**	(19,335)
Fees and commissions paid		**(18)**	(24)
Income tax paid	21	**(1,642)**	(1,375)
		3,652	2,807
(Increase)/decrease in operating assets:			
Net (increase)/decrease in loans and advances		**(6,423)**	4,389
Net increase/(decrease) in deposits		**45,198**	17,948
Net cash flows from operating activities	27(b)	**42,427**	25,144
Cash flows from investing activities			
Net (increase)/decrease in receivables due from other financial institutions		**(18,000)**	13,000
Payments for property, plant and equipment		**(730)**	(562)
Proceeds from sale of property, plant and equipment		**57**	22
Payments for intangible assets		**(426)**	(324)
Payments for investment property		**-**	(1,648)
Net cash flows from investing activities		**(19,099)**	10,488
Cash flows from financing activities			
Proceeds from borrowings		**-**	-
Net cash flows from financing activities		**-**	-
Net increase/(decrease) in cash held		**23,328**	35,632
Cash at the beginning of the financial year		**213,432**	177,800
Cash at the end of the financial year	27(a)	**236,760**	213,432

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes set out on pages 11 to 48.

Notes to the Financial Statements

for the year ended 30 June 2015

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Hume Bank Limited (the 'company') is a company limited by shares and guarantee domiciled in Australia. No shares have been issued. The address of the company's registered office is 492 Olive Street, Albury, NSW, 2640.

Hume Bank Limited changed its name on 1 July 2014 from Hume Building Society Ltd.

These consolidated financial statements ('financial statements') comprise Hume Bank Limited, the ultimate parent company, and its subsidiary (the 'Group'). The Group is primarily involved in retail banking.

Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial statements of the Group also comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 20 August 2015.

Basis of measurement

The financial statements are presented in Australian dollars.

The financial statements are prepared on the historical cost basis unless otherwise stated.

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with the Class Order, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

RBA repurchase securitisation trust consolidation

Hume Bank Limited is the beneficiary of a trust which holds rights to a portfolio of residential mortgage secured loans to enable the company to secure funds from the Reserve Bank of Australia, if required, to meet emergency liquidity requirements. The company continues to manage these loans and receives all residual benefits from the trust and bears all losses should they arise. Accordingly:

a. The trust meets the definition of a controlled entity; and

b. As prescribed under the accounting standards, since the company has not transferred all the risks and rewards to the trust, the assigned loans are retained on the books of the company and are not de-recognised.

The Group has elected to present one set of financial statements to represent both the company as an individual entity and the consolidated entity on the basis that the impact of the consolidation is not material to the entity.

The subsidiary member of the Group is known as the Murray Trust Repo Series No. 1.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgements

The preparation of the financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 37 - fair value of financial instruments; and
- note 13 - impairment of loans and advances.

Investment in equity securities

Equity investments held for trading are stated at fair value, with any resulting gain or loss recognised in the statement of profit or loss and other comprehensive income. The fair value of equity investments classified as held for trading and available-for-sale is their quoted bid price at balance date.

Equity investments where no market value is readily available are carried at cost less any provision for impairment.

Receivables due from other financial institutions (FI's)

Receivables due from other financial institutions are held-to-maturity investments which the Group has a positive intention and ability to hold to maturity.

The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the statement of financial position.

Investment securities

Investment securities are held-to-maturity investments which the Group has a positive intention and ability to hold to maturity.

The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the statement of financial position.

Employee benefits

Wages, salaries and annual leave
Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

A provision is recognised for the amount to be paid under short-term cash bonus or profit-sharing plans if the Group has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long service leave
The Group's obligation in respect of long service leave is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to corporate bonds at the balance date which have maturity dates approximating to the terms of the Group's obligations.

Superannuation plan
Contributions to the employees' superannuation fund are recognised as an expense as they are made.

Loans and advances

Loans and advances are recognised at amortised cost using the effective interest rate method, after assessing required provisions for impairment.

The effective interest rate method requires origination fees and associated transaction costs to be capitalised as part of the loan balance and amortised over the expected life of the loan as part of the loan's effective interest rate. The expected life of the loan has been determined based on an analysis of the Group's loan portfolio.

The interest on loans and overdrafts is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month. The interest on revolving credit cards is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the 15th day of each month. Purchases are granted up to 55 days interest free until the due date for payment. All housing loans are secured by registered mortgages.

Fees charged on loans after origination of the loan are recognised as income when the service is provided or costs are incurred.

All loans and advances are reviewed and graded according to the determined level of credit risk. The classification adopted is described below:

- Impaired loans – are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful and hence provisions for impairment are made.
- Assets acquired through the enforcement of security – are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.
- Past-due loans – are loans where payments of principal and/or interest are at least 1 day or more in arrears. Full recovery of both principal and interest is expected. If a provision for impairment is required, the loan is included in impaired loans.

Loan impairment – collective provision

The collective provision for impairment is determined as per Group policy which is consistent with that required by the Prudential Standards issued by the Australian Prudential Regulatory Authority (APRA). Specific percentages are applied to loan balances outstanding based on the length of time the loans are in arrears and the security held.

Loan impairment – specific provision

Specific impairment of a loan is recognised when there is objective evidence that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans.

Reserve for credit losses

Group policy requires that a general reserve for credit losses, sufficient to cover estimated future credit losses, be maintained. This Group maintains a general reserve for credit losses of 0.3% (2014 - 0.3%) of risk weighted assets.

Bad Debts

Bad debts are written off when identified. If a provision for impairment has been recognised in relation to a loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents includes cash balances, call deposits, investment securities and receivables due from other financial institutions that are due to mature in less than three months.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Recognition and measurement
Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent accumulated depreciation for buildings.

All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Assets less than $500 are not capitalised.

Revaluation of land and buildings
Any revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Depreciation
With the exception of freehold land, depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings 40 years
- Plant and equipment 3 – 10 years
- Leasehold improvements 3 – 7 years (the lease term)

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Disposal
Gains or losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and are recognised within non-interest income in profit or loss.

Intangible assets

Items of computer software which are not integral to the computer hardware owned by the Group are classified as intangible assets.

Computer software is amortised over the expected useful life of the software. These lives range from 3 to 5 years.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or both. Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss. Fair values are determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

Impairment

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance date to assess whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is determined.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation. Any excess is recognised through the statement of profit or loss and other comprehensive income.

Derivative financial instruments and hedge accounting

The Group enters into derivatives such as interest rate swaps to manage its exposure to interest rate risk. Interest rate swaps relate to contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as interest rate. The Group either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Derivatives are recognised at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of derivatives is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Cash flow hedges
The Group applies the new hedge accounting rules of AASB 9 from 1 January 2014. The new rules replaces the 80-125% range for the hedge effectiveness testing with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship. Also, in regards to risk component it is designated as the hedged item, not only for financial items, but also for non-financial items, provided the risk component is separately identifiable and reliably measured. The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument and accounted for as costs of hedging. The financial instruments are recognised through assets and liabilities with mark to market movements in the instruments recognised through reserves for the effective portion of the hedge. The ineffective portion of the hedge is recognised through profit or loss.

The carrying value of the hedged item is not adjusted. Amounts accumulated in equity are transferred to profit or loss in the period(s) in which the hedged item will affect profit or loss (e.g. when the forecast hedged variable cash flows are recognised within profit or loss).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to profit or loss.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss.

Leases

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases
Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the lease term.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Borrowings

All borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised as an expense in the period in which it is incurred. Interest payable is included in the amount of payables in the statement of financial position.

Goods and services tax

As a financial institution the company is input taxed on all income except for income from commissions, rents and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to profit or loss on a straight-line basis over the estimated useful lives of the related assets.

Revenue

Dividends
Revenue from dividends is recognised net of franking credits when the dividends are received.

Fees and commissions
Fees and commissions are recognised as revenues or expenses on an accrual basis.

Rental income
Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

New standards applicable for the current year

There have been no material changes to accounting standards during the year applicable to the Group.

Changes in accounting policies

Certain accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Group 's assessment of the impact of these new standards and interpretations is set out below. Changes that are not likely to materially impact the financial report of the Group have not been reported.

New standards and interpretations not yet mandatory

The Group has adopted the revisions to AASB 9 in AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instrument*s from 1 January 2014. This includes the new hedging requirements contained in Chapter 6 which the Group has adopted at that date for all prospective hedge relationships. All of the hedge relationships that were entered into before 1 January 2014 have qualified for hedge accounting under the new requirements.

New accounting standards and interpretations not yet adopted

- AASB 9 *Financial Instruments* - Replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition on financial instruments from AASB 139.

  AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

  The Group does not expect the remaining changes to AASB 9 yet to be adopted to have a material impact on the financial statements other than the move to an expected loss model for impairment which may result in increases to provisions.

- AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces most of the existing standards and interpretations relating to revenue recognition including AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The standard shifts the focus from the transaction level to a contract based approach. Recognition is determined based on what the customer expects to be entitled to, while measurement encompasses estimation by the Group of the amount expected to be entitled for performing under the contract.

  AASB 15 is effective for annual reporting periods commencing 1 January 2017, with early adoption permitted. The Group does not expect the changes to revenue recognition to have a material impact on the financial statements when AASB 15 is first adopted.

2. INTEREST REVENUE AND INTEREST EXPENSE

The following tables show the average balance for each of the major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Most averages are monthly averages. Daily or weekly averages are also used provided they are representative of the Group's operations during the period.

	Average balance $'000	Interest $'000	Average interest rate %
Interest revenue 2015			
Cash at authorised deposit-taking institutions	**42,519**	**1,203**	**2.83**
Receivables due from other financial institutions	**75,919**	**2,249**	**2.96**
Investment securities	**119,023**	**3,526**	**2.96**
Loans and advances	**672,748**	**35,515**	**5.28**
	910,209	**42,493**	**4.67**
Interest expense 2015			
Customers' deposits	**853,041**	**21,037**	**2.47**
Borrowings	**2,000**	**171**	**8.55**
	855,041	**21,208**	**2.48**
Interest revenue 2014			
Cash at authorised deposit-taking institutions	38,781	970	2.50
Receivables due from other financial institutions	65,789	2,225	3.38
Investment securities	101,104	3,419	3.38
Loans and advances	671,288	37,281	5.55
	876,962	43,895	5.01
Interest expense 2014			
Customers' deposits	824,435	23,437	2.84
Borrowings	2,000	172	8.62
	826,435	23,609	2.86

3. NON-INTEREST INCOME

	2015 $'000	2014 $'000
Fees and commissions from customers		
- Loan and overdraft fees	**372**	284
- Transaction fees	**695**	774
- Credit card fees	**10**	13
- Other fees	**463**	489
	1,540	1,560
Fees and commissions from non-customers		
- Fees for service	**811**	817
- Commissions	**1,743**	1,632
	2,554	2,449
Total fees and commissions	**4,094**	4,009
Other non-interest income		
- Income from property	**31**	29
- Bad debts recovered	**11**	14
- Profit on disposal of property, plant and equipment	**13**	9
- Government grants	**20**	20
- Sundry income	**74**	156
	149	228
Total non-interest income	**4,243**	4,237

Government Grants

A Green Building Fund grant of $20,000 (2014 – $20,000) was recognised as other income during the financial year. There are no unfulfilled conditions or other contingencies attached to the grant. The Group did not benefit directly from any other forms of government assistance.

	Note	2015 $'000	2014 $'000
4. OTHER EXPENSES			
Amortisation – leasehold improvements	16	**171**	147
Amortisation – intangible assets	17	**297**	275
Depreciation			
- Plant and equipment	16	**803**	890
- Buildings	16	**75**	87
Total depreciation		**878**	977
Fees and commissions		**18**	24
Personnel costs			
- Provision for long service leave		**29**	94
- Provision for annual leave		**(12)**	(7)
- Superannuation contributions		**986**	914
- Salaries and wages		**8,233**	7,854
- Payroll tax		**470**	441
- Other		**960**	870
Total personnel costs		**10,666**	10,166
Marketing expenses		**952**	838
Information technology expenses		**1,103**	1,059
Occupancy costs			
- Rental – operating leases		**1,287**	1,249
- Other occupancy costs		**1,070**	1,103
Total occupancy costs		**2,357**	2,352
ATM, Eftpos and electronic transaction processing costs		**1,609**	1,412
Other administration expenses		**2,695**	2,809
Loss on disposal of property, plant and equipment		**3**	6
Total other expenses		**20,749**	20,065

	Note	2015 $'000	2014 $'000
5. FAIR VALUE ADJUSTMENTS			
Net fair value adjustment of investment property	15	**-**	208
Net fair value adjustment of property, plant and equipment		**-**	75
		-	283

	Note	2015 $'000	2014 $'000
6. INCOME TAX EXPENSE			
Income tax expense on profit		**1,403**	1,204
Income tax expense on other comprehensive income		**16**	5
		1,419	1,209
Recognised in statement of profit or loss and other comprehensive income			
Income tax expense comprises amounts set aside as:			
Income tax payable – current year	21	**1,438**	1,490
Under/(over) provision in prior years		**-**	-
Increase/(decrease) in deferred tax liabilities		**(5)**	(139)
(Increase)/decrease in deferred tax assets		**(14)**	(142)
		1,419	1,209
Reconciliation between tax expense and pre-tax profit			
Profit before income tax		**4,678**	3,967
Prima facie income tax expense calculated at 30%		**1,403**	1,190
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses		**33**	47
Other deductible expenses		**(33)**	(16)
Fair value adjustments		**-**	(17)
		1,403	1,204
Income tax (over)/under provided in prior period		**-**	-
Income tax expense attributable to profit		**1,403**	1,204
Dividend franking account			
Franking credits held at balance date		**27,996**	26,355

	Note	2015 $'000	2014 $'000
7. CASH AND CASH EQUIVALENTS			
Cash on hand and at authorised deposit-taking institutions at call		**54,339**	42,897

	Note	2015 $'000	2014 $'000
8. RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS			
Interest earning deposits		**75,745**	67,874
Maturity analysis			
Not later than 1 month		**31,745**	42,874
Later than 1 and not later than 3 months		**20,000**	19,000
Later than 3 and not later than 12 months		**24,000**	6,000
Later than 1 and not later than 5 years		**-**	-
		75,745	67,874

8. RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS (continued)

	Note	2015 $'000	2014 $'000
Credit rating of receivables due from other financial institutions			
Authorised Deposit-taking Institutions rated A and above		**37,481**	33,179
Authorised Deposit-taking Institutions rated below A		**17,000**	10,000
Unrated Authorised Deposit-taking Institutions		**21,264**	24,695
		75,745	67,874

9. INVESTMENT SECURITIES

	2015 $'000	2014 $'000
Negotiable certificates of deposit	**130,676**	108,661
Maturity analysis		
Not later than 1 month	**43,718**	35,725
Later than 1 and not later than 3 months	**86,958**	72,936
Later than 3 and not later than 12 months	**-**	-
Later than 1 and not later than 5 years	**-**	-
	130,676	108,661
Credit rating of investment securities		
Authorised Deposit-taking Institutions rated A and above	**-**	-
Authorised Deposit-taking Institutions rated below A	**130,676**	108,661
Unrated Authorised Deposit-taking Institutions	**-**	-
	130,676	108,661

10. TRADE AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Interest receivable on investments	**760**	988
Sundry debtors, accrued income and prepayments	**146**	181
	906	1,169

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 $'000	2014 $'000
Derivative financial instrument asset		
Interest rate swap contracts – cash flow hedge	**71**	16
Maturity analysis		
Not later than 1 year	**26**	-
Later than 1 and not later than 2 years	**45**	2
Later than 2 and not later than 3 years	**-**	14
	71	16

12. LOANS AND ADVANCES

	Note	2015 $'000	2014 $'000
Overdrafts and Credit Cards		**10,116**	9,754
Term loans		**668,553**	662,729
Loans and advances before deferred fees and costs		**678,669**	672,483
Deferred loan transaction costs		**420**	404
Deferred loan origination fees		**(712)**	(846)
Deferred fixed rate loan renegotiation fees		**(5)**	-
Total loans and advances		**678,372**	672,041
Provision for impairment	13	**(345)**	(336)
Net loans and advances		**678,027**	671,705

	2015 $'000	2014 $'000
Maturity analysis		
Not later than 1 month	**12,413**	11,957
Later than 1 and not later than 3 months	**4,356**	4,197
Later than 3 and not later than 12 months	**20,173**	19,567
Later than 1 and not later than 5 years	**102,485**	100,051
Later than 5 years	**538,945**	536,269
	678,372	672,041

Concentration of risk

The loan portfolio of the Group does not include any loan which represents 10% or more of capital.

The Group has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

	2015 $'000	2014 $'000
- Southern NSW	**403,939**	411,031
- North East Victoria	**218,303**	211,297
- Other – non-concentrated	**56,427**	50,155
	678,669	672,483

	2015 $'000	2014 $'000
Security held against loans and advances		
Secured by mortgage over residential property	**616,317**	610,044
Secured by mortgage over commercial property	**46,728**	46,692
Total loans and advances secured by real estate	**663,045**	656,736
Secured by funds	**671**	444
Partly secured by goods mortgage	**5,541**	6,019
Wholly unsecured	**9,412**	9,284
	678,669	672,483

Credit quality - loan to value ratio on loans and advances secured by real estate

It is not practical to value all collateral as at the balance date due to the variety of assets and their nature and condition. A breakdown of the quality of the mortgage security on a portfolio basis is as follows:

	2015 $'000	2014 $'000
Loan to value ratio of 80% or less	**557,627**	552,446
Loan to value ratio of more than 80% but mortgage insured	**95,761**	99,254
Loan to value ratio of more than 80% not mortgage insured	**9,657**	5,036
	663,045	656,736

	2015 $'000	2014 $'000
12. LOANS AND ADVANCES (continued)		
Securitised loans		
Securitised loans that do not qualify for derecognition	**120,293**	114,889

	2015 $'000	2014 $'000
13. IMPAIRMENT OF LOANS AND ADVANCES		
Provision for impairment		
Collective provision	**306**	321
Specific provision	**39**	15
	345	336
Provision for impairment – collective provision		
Opening balance	**321**	256
Bad debts previously provided for written off during the year	**(68)**	(71)
Bad and doubtful debts provided for during the year	**53**	136
Closing balance	**306**	321
Provision for impairment – specific provision		
Opening balance	**15**	26
Bad debts previously provided for written off during the year	**(23)**	(83)
Bad and doubtful debts provided for during the year	**47**	72
Closing balance	**39**	15
Bad and doubtful debts expense comprises:		
Collective provision increase/(decrease)	**53**	136
Specific provision increase/(decrease)	**47**	72
Bad debts recognised directly to profit or loss	**1**	-
Total bad debts expense/(benefit)	**101**	208
Ageing analysis of loans and advances past due		
Loans and advances past due and not impaired		
Up to 30 days	**14,939**	15,969
More than 30 days but less than 90 days	**5,908**	4,320
More than 90 days but less than 180 days	**1,120**	965
More than 180 days but less than 270 days	**287**	516
More than 270 days but less than 365 days	**341**	10
More than 365 days	**4**	555
Accounts overdrawn and overdrafts over limit less than 14 days	**365**	21
	22,964	22,356

	2015 $'000	2014 $'000
13. IMPAIRMENT OF LOANS AND ADVANCES (continued)		
Loans and advances past due and impaired		
Up to 30 days	**29**	-
More than 30 days but less than 90 days	**12**	-
More than 90 days but less than 180 days	**61**	60
More than 180 days but less than 270 days	**39**	16
More than 270 days but less than 365 days	**49**	34
More than 365 days	**292**	92
Accounts overdrawn and overdrafts over limit less than 14 days	**71**	279
	553	481
Total past due loans and advances	**23,517**	22,837
Security analysis of loans and advances past due		
Loans and advances past due and not impaired		
Secured by mortgage over real estate	**22,430**	21,874
Secured by funds	**-**	-
Partly secured by goods mortgage	**381**	327
Wholly unsecured	**153**	155
	22,964	22,356
Loans and advances past due and impaired		
Secured by mortgage over real estate	**173**	12
Secured by funds	**-**	1
Partly secured by goods mortgage	**123**	152
Wholly unsecured	**257**	316
	553	481
Total past due loans and advances	**23,517**	22,837
Assets acquired through enforcement of security		
Real estate acquired through enforcement of security held at the end of the financial year	**163**	-
Specific provision for impairment	**(20)**	-
Balance at the end of the financial year	**143**	-
Net fair value of real estate assets acquired through the enforcement of security during the financial year	**122**	243
Net fair value of other assets acquired through the enforcement of security during the financial year	**2**	9

	2015 $'000	2014 $'000

14. OTHER INVESTMENTS

	2015	2014
Unlisted shares – at cost	**204**	204

The unlisted shares are measured at cost as their fair value cannot be measured reliably. The shares are in a company that supplies services to Authorised Deposit-taking Institutions and is regulated by APRA. The shares are not tradeable and are not redeemable. The Group does not intend to dispose of these shares.

The financial reports of this company record net tangible asset backing of these shares exceeding their cost value. Based on the net assets of the company, any fair value determination on these shares is likely to be greater than their cost value, but due to the absence of a ready market, a market value is not able to be determined readily.

15. INVESTMENT PROPERTY

	2015	2014
Balance at the beginning of the year	**1,746**	-
Additions	**-**	1,648
Transfer from property, plant and equipment	**-**	306
Fair value adjustments through other comprehensive income	**-**	(208)
Disposals	**-**	-
Balance at the end of the year	**1,746**	1,746

Valuations

The valuation basis of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current market prices in an active market for similar properties in the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investments.

The investment properties were valued in June 2014 and appraised in June 2015 by Cosgraves Property Advisers, accredited independent valuers.

Leasing arrangements

The investment properties are leased to tenants under short term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2015	2014
Within 1 year	**40**	25
Later than 1 and not later than 2 years	**26**	25
Later than 2 and not later than 5 years	**30**	54
Aggregate lease payments receivable at balance date	**96**	104

Amount recognised in profit and loss for investment properties

	2015	2014
Rental income	**28**	27
Direct operating expenses	**(3)**	(5)
Net rental income received	**25**	22

	2015 $'000	2014 $'000

16. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
Land and buildings		
At fair value	**4,760**	4,760
Provision for depreciation	**(75)**	-
Total freehold land and buildings	**4,685**	4,760
Leasehold improvements		
At cost	**1,540**	1,454
Provision for amortisation	**(1,288)**	(1,233)
Total leasehold improvements	**252**	221
Plant and equipment		
At cost	**7,082**	7,205
Provision for depreciation	**(5,389)**	(5,190)
Total plant and equipment	**1,693**	2,015
Total property, plant and equipment at net book value	**6,630**	6,996

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2015	2014
Land and buildings		
Carrying amount at the beginning of the year	**4,760**	4,998
Additions	**-**	5
Transfer to investment property	**-**	(306)
Fair value adjustments through other comprehensive income	**-**	225
Fair value adjustments through profit and loss	**-**	(75)
Depreciation	**(75)**	(87)
Carrying amount at the end of the year	**4,685**	4,760
Leasehold improvements		
Carrying amount at the beginning of the year	**221**	368
Additions	**202**	-
Disposals	**-**	-
Amortisation	**(171)**	(147)
Carrying amount at the end of the year	**252**	221
Plant and equipment		
Carrying amount at the beginning of the year	**2,015**	2,366
Additions	**528**	558
Disposals	**(47)**	(19)
Depreciation	**(803)**	(890)
Carrying amount at the end of the year	**1,693**	2,015

	2015 $'000	2014 $'000

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuations

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition.

The freehold land and buildings were valued in June 2014 by Cosgraves Property Advisers, accredited independent valuers. In the opinion of the Directors there have been no significant changes in market value since this date.

17. INTANGIBLE ASSETS

Computer software and licences		
At cost	**2,618**	2,330
Provision for amortisation	**(2,040)**	(1,881)
	578	449

Reconciliations

Reconciliations of the carrying amounts for each class of intangible assets are set out below:

Computer software and licences		
Carrying amount at the beginning of the year	**449**	400
Additions	**426**	324
Disposals	**-**	-
Amortisation	**(297)**	(275)
Carrying amount at the end of the year	**578**	449

18. DEFERRED TAX ASSETS

Deferred tax assets	**1,470**	1,456
Deferred tax assets are attributable to the following:		
Plant and equipment and intangible assets	**460**	478
Property and investment property	**102**	102
Provisions for employee benefits	**545**	540
Provision for impairment on loans	**104**	101
Borrowing Costs	**9**	13
Expenses not currently deductible	**123**	56
Deferred loan fees and transaction costs	**127**	133
Deferred income	**-**	33
	1,470	1,456

	2015 $'000	2014 $'000

19. DEPOSITS

Call deposits	**411,148**	336,123
Term deposits	**461,023**	490,850
	872,171	826,973

Maturity analysis		
Not later than 1 month	**525,222**	455,847
Later than 1 and not later than 3 months	**172,317**	209,608
Later than 3 and not later than 12 months	**151,543**	142,865
Later than 1 and not later than 5 years	**23,089**	18,653
	872,171	826,973

Concentration of deposits		
Southern NSW	**571,466**	538,854
North East Victoria	**242,041**	222,497
Other – non-concentrated	**58,664**	65,622
	872,171	826,973

The company's deposit portfolio does not include any deposit which represents 5% or more of total liabilities.

20. TRADE AND OTHER PAYABLES

Accrued interest payable	**3,982**	4,804
Creditors and other liabilities	**5,967**	6,303
	9,949	11,107

21. INCOME TAX PAYABLE

Income tax payable	**367**	571
Movement during the year was as follows:		
Balance at the beginning of the year	**571**	456
Current year's income tax expense on profit before tax	**1,438**	1,490
Income tax paid – Current year	**(1,071)**	(919)
Income tax paid – Prior year	**(571)**	(456)
Under/(over) provision in prior period	**-**	-
Balance at the end of the year	**367**	571

22. DEFERRED TAX LIABILITIES

	2015 $'000	2014 $'000
Deferred tax liabilities	**-**	5
Deferred tax liabilities are attributable to the following:		
Derivative financial instruments	**-**	5

23. PROVISION FOR EMPLOYEE BENEFITS

	2015 $'000	2014 $'000
Salaries, wages and other benefits accrued	**435**	377
Provision for annual leave	**741**	753
Provision for long service leave	**1,076**	1,047
	2,252	2,177

Included in employee benefits is a non-current amount of $396,000 (2014 - $382,000) relating to long service leave.

24. BORROWINGS

	2015 $'000	2014 $'000
Subordinated debt	**2,000**	2,000
Movement during the year was as follows:		
Balance at the beginning of the year	**2,000**	2,000
Increase due to debt issued	**-**	-
Balance at the end of the year	**2,000**	2,000
Maturity analysis		
Not later than 1 month	**-**	-
Later than 1 and not later than 3 months	**-**	-
Later than 3 and not later than 12 months	**-**	-
Later than 1 and not later than 5 years	**-**	-
Later than 5 years	**2,000**	2,000
	2,000	2,000

The Group entered into an agreement to issue subordinated debt in November 2012. The debt instrument has a maturity date of 10 years but may be redeemed earlier subject to prior approval by APRA.

25. RESERVES

	2015 $'000	2014 $'000
General reserve for credit losses	**1,297**	1,195
Asset revaluation reserve	**1,039**	1,039
Capital profits reserve	**593**	593
Cash flow hedge reserve	**50**	12
	2,979	2,839

Movements in reserves

	2015 $'000	2014 $'000
General reserve for credit losses		
Balance at the beginning of the year	**1,195**	1,174
Transfer from retained earnings	**102**	21
Balance at the end of the year	**1,297**	1,195

This reserve is required to be maintained to comply with Group policy.

	2015 $'000	2014 $'000
Asset revaluation reserve		
Balance at the beginning of the year	**1,039**	814
Total other comprehensive income	**-**	225
Balance at the end of the year	**1,039**	1,039

This reserve includes gains made on property when a revaluation is carried out in line with Group policy.

	2015 $'000	2014 $'000
Capital profits reserve		
Balance at the beginning of the year	**593**	593
Transfer from retained earnings	**-**	-
Transfer from fair value reserve	**-**	-
Balance at the end of the year	**593**	593

This reserve includes the cumulative capital profits made on the disposal of assets.

	2015 $'000	2014 $'000
Cash flow hedge reserve		
Balance at the beginning of the year	**12**	-
Total other comprehensive income	**38**	12
Balance at the end of the year	**50**	12

This reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

26. RETAINED EARNINGS

	2015 $'000	2014 $'000
Retained earnings at the beginning of the year	**57,501**	54,759
Net profit attributable to members	**3,275**	2,763
Transfers from/(to) reserves	**(102)**	(21)
Retained earnings at the end of the year	**60,674**	57,501

	2015 $'000	2014 $'000

27. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:

	2015 $'000	2014 $'000
Cash on hand and at authorised deposit-taking institutions	**54,339**	42,897
Receivables due from other financial institutions less than 3 months	**51,745**	61,874
Investment securities less than 3 months	**130,676**	108,661
	236,760	213,432

(b) Reconciliation of cash flows from operating activities

	2015 $'000	2014 $'000
Profit for the year	**3,275**	2,763
Non-cash items		
Charge for bad and doubtful debts	**101**	208
Depreciation	**878**	977
Amortisation of leasehold improvements	**171**	147
Amortisation of intangible assets	**297**	275
Provision for employee entitlements	**17**	87
(Profit) on disposal of plant and equipment	**(13)**	(9)
Loss on disposal of plant and equipment	**3**	6
Fair value adjustments	**-**	283
Changes in assets and liabilities		
Interest receivable	**228**	60
Other receivables	**35**	(38)
Interest payable	**(822)**	(994)
Income tax payable	**(221)**	115
Trade and other payables	**(336)**	(931)
Provision for employee benefits	**58**	144
Deferred tax assets	**(14)**	(142)
Deferred tax liabilities	**(5)**	(144)
	3,652	2,807
Net (increase)/decrease in loans and advances	**(6,423)**	4,389
Net increase/(decrease) in deposits	**45,198**	17,948
Net cash flow from operating activities	**42,427**	25,144

28. AUDITOR'S REMUNERATION

	2015 $	2014 $
Amounts received or due and receivable by the External Auditor of the Group for:		
– audit of the financial statements of the Group	**69,507**	66,140
– other services in relation to the Group	**30,024**	24,652
	99,531	90,792

	2015 $'000	2014 $'000

29. EMPLOYEE BENEFITS

Superannuation commitments

The company contributes to the Hume Bank Staff Superannuation Fund which is an accumulation fund. The benefits provided are based on the amounts credited to each staff member's account in the fund. No actuarial assessment is required. Where applicable, the company contributed 9.50% (2014 – 9.25%) of each fund staff member's gross salary to cover its occupational superannuation obligations. Staff members may contribute to the fund on a voluntary basis. Staff may request the company to contribute to an alternative accumulated superannuation fund.

30. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

In the normal course of business the company enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of customers. The company uses the same credit policies and assessment criteria in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet loan assets. The company holds collateral supporting these commitments where it is deemed necessary.

Credit-related commitments

Binding commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. They include undrawn balances of overdrafts and credit cards:

	2015 $'000	2014 $'000
Approved but undrawn loans and credit limits	**55,174**	47,632

Security analysis of credit-related commitments

	2015 $'000	2014 $'000
Secured by mortgage over real estate	**38,664**	32,580
Secured by funds	**974**	854
Partly secured by goods mortgage	**189**	42
Wholly unsecured	**15,347**	14,156
	55,174	47,632

Financial guarantees

	2015 $'000	2014 $'000
Financial guarantees written are conditional commitments issued by the company to guarantee the performance of a customer to a third party. Security is generally held for these guarantees.	**2,462**	1,946

Security analysis of financial guarantees

	2015 $'000	2014 $'000
Secured by mortgage over real estate	**1,818**	1,420
Secured by funds	**636**	518
Wholly unsecured	**8**	8
	2,462	1,946

	2015	2014
	$'000	$'000

31. COMMITMENTS

Capital expenditure commitments

	2015	2014
Estimated capital expenditure contracted for at balance date but not provided for:		
– payable within one year	**214**	156

Operating leases (non-cancellable)

	2015	2014
Future operating lease commitments not provided for in the financial statements and payable:		
– within 1 year	**1,372**	1,386
– later than 1 and not later than 2 years	**1,025**	811
– later than 2 and not later than 5 years	**2,098**	763
– later than 5 years	**21**	11
Aggregate lease expenditure contracted for at balance date	**4,516**	2,971

32. KEY MANAGEMENT PERSONNEL DISCLOSURE

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly and has been taken to comprise the Directors and the members of the Senior Management team who are responsible for the day to day financial and operational management of the company.

The aggregate compensation of key management personnel during the year comprising amounts paid, payable or provided for was as follows:

	2015	2014
	$	$
Short-term employee benefits		
- Directors	**366,219**	333,801
- Other key management personnel	**1,258,776**	1,134,506
Post-employment benefits – superannuation contributions		
- Directors	**115,730**	146,116
- Other key management personnel	**127,576**	100,393
Other long-term benefits – net increase in long service leave provision		
- Directors	**-**	-
- Other key management personnel	**(53,177)**	19,584
	1,815,124	1,734,400

Short term employee benefits include (where applicable) wages, salaries, paid annual and sick leave, bonuses and the value of fringe benefits received but excludes out of pocket expense reimbursements.

The members of the company at the previous Annual General Meeting approved the remuneration of Directors for the period.

32. KEY MANAGEMENT PERSONNEL DISCLOSURE (continued)

Loans to key management personnel and other related parties

Loan transactions with key management personnel and related parties are as follows:

	2015		2014	
	$		$	
	Mortgage Secured Loans	**Revolving Credit (unsecured)**	Mortgage Secured Loans	Revolving Credit (unsecured)
Loans to Directors				
Funds available to be drawn	**-**	**17,051**	-	18,161
Balance at reporting date	**165,359**	**3,449**	181,840	2,339
Loans advanced (including redraws)	**-**	**26,291**	-	22,854
Loan repayments	**25,482**	**25,181**	607,004	22,023
Interest and other revenue earned	**9,001**	**-**	17,928	-
Loans to Director related parties				
Funds available to be drawn	**-**	**6,502**	-	7,528
Balance at reporting date	**683,435**	**6,498**	696,135	472
Loans advanced (including redraws)	**-**	**61,430**	647,608	16,888
Loan repayments	**49,776**	**55,431**	304,056	17,300
Interest and other revenue earned	**37,076**	**27**	30,510	191
Loans to other key management personnel				
Funds available to be drawn	**-**	**27,490**	-	41,340
Balance at reporting date	**907,788**	**7,510**	2,165,531	13,660
Loans advanced (including redraws)	**21,190**	**94,994**	23,770	140,171
Loan repayments	**278,177**	**99,112**	231,520	152,576
Interest and other revenue earned	**106,244**	**-**	126,666	-

The company's policy for lending to key management personnel is that all loans are approved on the same terms and conditions which apply to customers for each class of loan.

There are no loans to either Directors or other key management personnel that are impaired in relation to the loan balances or interest.

There are no benefits or concessional terms and conditions applicable to the close family members or other related parties of key management personnel.

There are no loans to close family relatives or other related parties of key management personnel which are impaired in relation to the loan balances or interest.

32. KEY MANAGEMENT PERSONNEL DISCLOSURE (continued)

Deposits from key management personnel and other related parties

Details of deposits from key management personnel and related parties are as follows:

	2015	2014
	$	$
Deposits outstanding at balance date:		
- Directors	**165,952**	133,870
- Director related parties	**3,137,147**	3,347,643
- Other key management personnel	**198,280**	267,054
- Other key management personnel related parties	**292,554**	392,191
Interest paid on deposits:		
- Directors	**1,893**	4,043
- Director related parties	**100,369**	317,211
- Other key management personnel	**251**	2,110
- Other key management personnel related parties	**12,021**	12,623

The company's policy on deposit accounts from key management personnel and their related parties is that all transactions are on the same terms and conditions as those entered into by other customers.

Other transactions with related parties

There are no benefits paid or payable to close family members or other related parties of key management personnel other than those disclosed in this note.

There are no service contracts to which key management personnel, their close family members or other related parties are an interested party other than those disclosed in this note.

33. OUTSOURCING ARRANGEMENTS

The Group has an economic dependency on First Data Resources Australia Limited for the provision of ATM, Eftpos and VISA network services, ANZ Bank for cheque clearing services and Ultradata Australia Pty Ltd for computer software services.

34. SEGMENT INFORMATION

The Group operates exclusively in the finance industry within Australia.

35. TRANSFER OF FINANCIAL ASSETS

The company has established arrangements for the transfer of loan contractual benefits of interest and repayments to support ongoing liquidity facilities. These arrangements are with the Murray Trust for securing the ability to obtain liquid funds from the Reserve Bank in the event of a liquidity crisis. These loans are not de-recognised as the company retains the benefits of the Trust until such time as a drawing is required.

Only residential mortgage-backed securities (RMBS) that meet specified criteria, are eligible to be transferred into the Trust.

Securitised loans retained on the balance sheet (not de-recognised)

The values of securitised loans which are not qualifying for de-recognition as the conditions do not meet the criteria in the accounting standards are set out below. The majority of the loans are variable interest rate loans, hence the book value of the loans transferred equates to the fair value of those loans.

The associated liabilities are equivalent to the book value of the loans reported.

	2015	2014
	$'000	$'000
Balance sheet values		
Loans	**120,293**	114,889
Fair value of associated liabilities	**(120,293)**	(114,889)
Net	-	-
Carrying amount of the loans as at the time of transfer	**131,153**	124,009

Repurchase obligations Murray Trust

The Murray Trust is a trust established by the company to facilitate liquidity requirements of APRA's prudential standards. The trust has an independent Trustee. In the case of the Murray Trust, the company receives notes eligible to be sold to the Reserve Bank should the liquidity needs not be satisfied by normal operational liquidity. The notes are secured over residential mortgage-backed securities (RMBS).

The company has financed the loans and receives the net gains or losses from the Trust after trustee expenses. The company has an obligation to manage the portfolio of the loans in the trust and to maintain the pool of eligible secured loans at the value equivalent to the value of the notes received. The company retains the credit risk of losses arising from loan default or security decline and the interest rate risk from movements in market interest rates.

If a portion of the value of the portfolio in the Murray Trust fails to meet the Trust's criteria, the company is obliged to repurchase those loans and may substitute equivalent qualifying loans into the trust.

36. FINANCIAL RISK MANAGEMENT

Overview

The Board is ultimately responsible for the company's risk management framework and the oversight of it.

The Board is directly responsible for the company's strategy and has adopted a risk appetite statement, business plan and risk management strategy.

The company's risk appetite statement and risk management strategy is reviewed by the Risk Committee on an annual basis or more frequently where required.

The company adopts a Three Lines of Defence approach to risk management which reinforces a risk culture where all employees are responsible for identifying and managing risk and operating within the company's risk appetite. The company embeds risk culture and maintains an awareness of risk management responsibilities through regular communication, training and other targeted approaches that support the risk management framework.

Senior Management are responsible for implementing the company's risk management strategy and risk management framework and for developing policies, controls, processes and procedures for identifying and managing risk in all of the company's activities.

The Risk Committee assists the Board to fulfil its oversight of the implementation and operation of the company's risk management framework and the review and approval of associated policies. The Risk Committee is assisted in its role by a designated Risk Manager. The Risk Manager assists the Committee and Senior Management to develop and maintain best practice risk management frameworks whilst promoting a sustainable risk and compliance culture. As part of their participation in the decision-making process, the Risk Manager provides effective challenge to ensure that material decisions are risk-based.

The company's Audit Committee oversees management's compliance with the company's risk management policies and procedures. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Objectives and policies

Managing the risks that affect the company is a fundamental activity and the success of risk management involves taking an integrated balanced approach to risk and return and assists in mitigating potential loss or damage while optimising growth opportunity.

The company's risk appetite statement defines the level of risk that the company is willing to accept to meet its strategic objectives and outlines the desire to minimise the impact of incidents that may have a material impact on the results. The risk appetite statement sets the context for the company's strategy, financial and capital forecasting processes. It is further defined by the identification of key risk types applicable to the company, consisting of:

- Credit risk;
- Operational risk;
- Liquidity risk;
- Market risk;
- Capital risk;
- Regulatory & compliance risk; and
- Strategic risk.

The Board has delegated to the Risk Committee the role of approving key policies and processes including the internal capital adequacy assessment process, the internal liquidity assessment process and review of the outcomes of stress testing completed.

An overview of risk management approaches to the company's key risk types are detailed below. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of failure by a counterparty to perform according to a contractual arrangement. This risk applies to loans and advances, off balance sheet exposures such as guarantees, acceptances, receivables due from other financial institutions and investment securities.

Credit risk arises principally from the company's loans, advances and liquid investments.

36. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk – loans and advances

The risk of losses from loans and advances is reduced by assessing the character of borrowers, their capacity to service the debt and the nature and quality of security taken.

The method of managing credit risk on loans and advances is by way of strict adherence to the credit assessment policies before the loan is approved and continued monitoring of loan repayments thereafter.

The company has established policies over:

- Credit assessment and approval of loans and facilities including acceptable assessment and security requirements. Credit assessment includes ensuring borrowers are creditworthy and capable of meeting the loan repayments;
- Requirements for lenders' mortgage insurance;
- Acceptable exposure limits to individual borrowers, non-mortgage secured loans and advances, commercial lending and industry groups considered at high risk of default;
- Reassessment and review of credit exposures on certain loans and advances;
- Establishment of appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies.

A regular review of compliance with these policies is conducted by Internal Audit.

The company minimises concentrations of credit risk in relation to loans and advances receivable by lending to a large number of customers within each specified category. The majority of customers are concentrated in the North-east Victoria and Southern NSW region. Details of concentrations of credit risk on loans and advances receivable are set out in the notes.

Credit risk – liquid investments

The risk of financial loss from liquid investments held is reduced by the nature and credit rating of the investee and the limits of concentration to each entity. The Board's appetite is to maintain counterparty limits with Australian banks to a maximum of 50% of capital and other non-bank financial institutions to a maximum of 20% of capital, dependent upon their credit rating. Given the high quality and/or relatively short duration of these investments, the company does not expect any counterparty to fail to meet its obligation. Details of exposures to liquidity investments are set out in the notes.

Liquidity risk

Liquidity risk is the risk that there is insufficient funds in a given period to meet the operational and funding needs of the company in both normal and an adverse operating environment.

The company manages liquidity risk by:

- Monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate cash reserves; and
- Monitoring the prudential and other liquidity ratios daily.

The company is required to maintain at least 9% of total adjusted liabilities as highly liquid assets capable of being converted to cash within 24 hours to satisfy APRA's prudential standards to qualify as Minimum Liquid Holdings asset (MLH). However, Hume's policy requires a minimum of 12% of liabilities to be held in MLH qualifying assets to maintain adequate funds to meet customer withdrawal requests. Should the liquidity ratio fall below Hume's trigger levels, Management and the Board are to address the matter and ensure that more liquid funds are obtained from new deposits and borrowing facilities available.

As at 30 June 2015, the company held 16.00% of total adjusted liabilities as MLH qualifying assets (2014 – 15.55%). The average during the financial year was 16.15% (2014 – 16.16%).

The company also maintains 1.80% of total adjusted liabilities as MLH qualifying assets (2014 – 1.80%) as part of an internal standby facility.

The maturity profile of the financial assets and financial liabilities, based on the contractual repayment terms are set out in the notes.

36. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Internal securitisation and RBA repurchase

The company maintains an internal securitisation facility to enable it to secure funds from the Reserve Bank of Australia, if required, to meet emergency liquidity requirements. As at 30 June 2015, the Company held $117.914 million (2014 – $112.919 million) of securities available to be used for RBA repurchase to meet emergency liquidity requirements.

Market risk and hedging policy

Market risk is the risk that fluctuating interest rates lead to a change in underlying value of assets and liabilities as well as an increase/decrease in profit.

The company does not trade in the financial instruments it holds and is not exposed to currency risk. It is exposed to interest rate risk arising from changes in market interest rates due to the mismatches between the repricing date of assets and liabilities.

Interest rate risk in the banking book

The company predominately maintains a balanced 'on book' hedging strategy by ensuring the net difference between asset and liability maturities are not excessive. The gap is monitored monthly to identify any large exposure to interest rate movements and to rectify the excess through interest rate swaps and targeted fixed interest rate products available through investment assets and term deposits liabilities to rectify the imbalance to within acceptable levels. Details of the interest rate risk profile are set out in note 37(b).

Value at Risk (VaR) and Earnings at Risk (EaR) are calculated monthly using internal models and managed within established limits. The model and limits have been reviewed by external specialist auditors.

An independent review of the risk management profile is also conducted annually by an independent risk management consultant. The Board monitors these risks through the independent reports and other management reports.

Based on independent VaR calculations as at 30 June 2015 using a 20 day holding period, 99% confidence level and a 250 day observation period, the VaR was 0.34% of capital. VaR as at 30 June 2014 was 0.30% of capital using the same parameters.

Based on independent EaR calculations as at 30 June 2015 using a shift in interest rates of 200 basis points for one year, EaR was a $5,081,261 variation or 24.56% from the base case. EaR as at 30 June 2014 was a $4,922,266 variation or 23.79% from the base case, using the same parameters.

Operational risk

Operational risk is the risk of direct or indirect loss from inadequate or failed internal processes, systems, human error, inadequate staff resourcing, or from external events. The definition includes legal risk and reputational risk.

The company's objective is to manage operational risk to balance the avoidance of financial losses through implementation of controls and avoidance of procedures that inhibit innovation, creativity and service. Operational risks are managed through the implementation of policies and systems to monitor the likelihood of events and minimise the consequences of them should they occur. Systems of internal control are enhanced through:

- Segregation of duties between employees and functions, including approval and processing duties;
- Documented policies and procedures, employee job descriptions and responsibilities to reduce the incidence of errors and inappropriate behaviour;
- Promotion of an open compliance culture and awareness of the duty to report exceptions and breaches;
- Effective dispute resolution procedures to respond to customer complaints; and
- Effective insurance arrangements to reduce the impact of losses.

The company has an extensive business continuity policy and plan which is regularly tested to provide assurance that the company's operations can be maintained.

Contracts with service providers are maintained. Key contracts include service level agreements and, where appropriate, penalties for non-compliance.

36. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Regulatory & compliance risk

Regulatory & Compliance risk is the risk of failing to comply with regulatory requirements.

The company's compliance program identifies the key legislative and regulatory obligations that impact the company and identifies the measures in place to ensure compliance with them.

Strategic Risk

Strategic risk is the risk to current or prospective earnings and capital and the long-term performance and viability of the company resulting from unexpected or adverse changes in the business environment with respect to the economy, the political landscape, regulation, technology, social mores, the actions of competitors and business decisions.

Strategic risk is constantly considered through business strategy sessions and, where applicable, is monitored via a quarterly risk report. Additional commentary on emerging issues is included in the monthly report.

Capital risk

Capital risk is the risk that there is insufficient capital available to protect against unexpected loss.

Company policy is to maintain a strong capital base and to maintain a balance between profitability and benefits provided to customers by way of better interest rates, lower fees, convenient locations and superior service.

The company's capital management objectives are to:

- Ensure there is sufficient capital to support the company's operational requirements;
- Maintain sufficient capital to exceed internal and externally imposed capital requirements; and
- Safeguard the company's ability to continue as a going concern in all types of market conditions.

The company is subject to minimum capital requirements imposed by APRA based on the guidelines developed by the Basel Committee on Banking Supervision. The company reports to APRA under Basel III capital requirements and uses the standardised approach for credit and operational risk.

APRA requires Authorised Deposit-taking Institutions ("ADIs") to have a minimum ratio of capital to risk weighted assets of 8%. In addition, APRA imposes ADI specific minimum capital ratios which may be higher than these levels.

The Board approved internal capital assessment process requires capital to be well above the regulatory required level.

The company's capital contains tier 1 and tier 2 capital. Tier 1 capital can contain both common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital comprises the highest quality components of capital that fully satisfy all of the following characteristics:
(a) provide a permanent and unrestricted commitment of funds;
(b) are freely available to absorb losses;
(c) do not impose any unavoidable servicing charge against earnings; and
(d) rank behind the claims of depositors and other creditors in the event of winding-up of the issuer.

Common equity tier 1 capital consists of retained earnings and reserves. Deductions from tier 1 capital are made for intangible assets, certain capitalised expenses, deferred tax assets and equity investments in other ADIs.

Tier 2 capital includes the reserve for credit losses and tier 2 capital instruments including subordinated debt. Tier 2 capital instruments combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption features of equity.

	2015	2014
	$'000	$'000

36. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital adequacy ratio calculation

	2015 $'000	2014 $'000
Tier 1 capital		
Common equity tier 1 capital		
Retained earnings	**60,674**	57,501
Capital profits reserve	**593**	593
Deferred fee income	**297**	442
Asset revaluation reserve	**1,039**	1,039
Cash flow hedge reserve	**50**	12
	62,653	59,587
Less prescribed deductions	**(2,252)**	(2,105)
Net tier 1 capital	**60,401**	57,482
Tier 2 capital		
General reserve for credit losses	**1,297**	1,195
Subordinated debt	**1,400**	1,600
Net tier 2 capital	**2,697**	2,795
Total capital	**63,098**	60,277
Risk profile		
Credit risk	**374,540**	344,149
Operational risk	**57,749**	54,221
Total risk weighted assets	**432,289**	398,370
Capital adequacy ratio	**14.60%**	15.13%

37. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised financial instruments	Note	Accounting policies	Terms and conditions
Financial assets			
Loans and advances	12	The loan and overdraft interest is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month. Credit card interest is charged in arrears on daily balance outstanding on revolving credit cards on the 15th day of the month. Loans and advances are recorded at their recoverable amount. For further details on the classification of loans refer to note 1.	All housing loans are secured by registered mortgages. The remaining loans are assessed on an individual basis but most are also secured by registered mortgages. Where appropriate, housing loans are covered by mortgage insurance.
Receivables due from other financial institutions	8	Receivables due from other financial institutions are held to maturity and are stated at cost. Interest revenue is recognised when earned.	Receivables due from other financial institutions have an average maturity of 118 days with effective interest rates of 1.75% to 3.00% (2014: 2.25% to 3.56%).
Other investments	14	Other investments are carried at the lower of cost or recoverable amount. Interest is recognised when earned.	
Negotiable certificates of deposit	9	Negotiable certificates of deposit are held to maturity and are stated at cost. Fair value is stated in note 37(d). Interest revenue is recognised when earned.	Negotiable certificates of deposit have an average maturity of 91 days and effective interest rates of 2.36% to 2.71% (2014: 2.97% to 3.21%).
Derivative financial assets	11	Derivative financial instruments (interest rate swaps) are carried at their fair value.	Interest rate swaps are reset every three months. Details of maturity terms are set out in note 11.
Financial liabilities			
Deposits	19	Deposits are recorded at the principal amount. Interest is calculated on the daily balance outstanding.	Details of maturity terms are set out in note 19.
Trade and other payables	20	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.	Trade liabilities are normally settled on 30-day terms.
Subordinated debt	24	Subordinated debt is recorded at the principal amount. Interest is calculated on the daily balance outstanding.	Details of maturity terms are set out in note 24.

37. FINANCIAL INSTRUMENTS (continued)

(b) Effective interest rates and repricing analysis

Interest rate risk in the statement of financial position arises from the potential for a change in interest rates to have an adverse affect on the net interest earnings in the current reporting period and in future years. Interest rate risk arises from the structure and characteristics of the Group's assets, liabilities and equity, and in the mismatch in repricing dates of its assets and liabilities. The tables for both the 2014 and 2015 financial years detail the exposure of the Group's assets and liabilities to interest rate risk. The amount shown represents the face value of assets and liabilities.

The interest rate shown is the effective interest rate or weighted average effective interest rate in respect of a class of assets or liabilities. For floating rate instruments the rate is the current market rate; for fixed rate instruments the rate is a historical rate. The bandings reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

	Within 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%
2015								
Financial assets								
Cash and cash equivalents	**46,101**					**8,238**	**54,339**	**2.13**
Receivables due from FI's	**31,745**	**20,000**	**24,000**				**75,745**	**2.64**
Negotiable certificates of deposit	**43,718**	**86,958**					**130,676**	**2.56**
Trade and other receivables						**906**	**906**	**n/a**
Derivative financial assets						**71**	**71**	**n/a**
Loans and advances	**519,771**	**13,999**	**40,993**	**103,762**	**144**	**(642)**	**678,027**	**4.95**
Other investments						**204**	**204**	**n/a**
Total financial assets	**641,335**	**120,957**	**64,993**	**103,762**	**144**	**8,777**	**939,968**	
Financial liabilities								
Deposits	**525,222**	**172,317**	**151,543**	**23,089**			**872,171**	**2.03**
Trade and other payables						**9,949**	**9,949**	**n/a**
Subordinated debt		**2,000**					**2,000**	**8.08**
Total financial liabilities	**525,222**	**174,317**	**151,543**	**23,089**	**-**	**9,949**	**884,120**	

2014								
Financial assets								
Cash and cash equivalents	34,266					8,631	42,897	2.92
Receivables due from FI's	42,874	19,000	6,000				67,874	3.36
Negotiable certificates of deposit	35,725	72,936					108,661	3.11
Trade and other receivables						1,169	1,169	n/a
Derivative financial assets						16	16	n/a
Loans and advances	579,913	5,640	25,622	61,229	79	(778)	671,705	5.49
Other investments						204	204	n/a
Total financial assets	692,778	97,576	31,622	61,229	79	9,242	892,526	
Financial liabilities								
Deposits	455,847	209,608	142,865	18,653			826,973	2.61
Trade and other payables						11,107	11,107	n/a
Subordinated debt		2,000					2,000	8.64
Total financial liabilities	455,847	211,608	142,865	18,653	-	11,107	840,080	

n/a – not applicable for non-interest bearing financial instruments.

37. FINANCIAL INSTRUMENTS (continued)

(c) Maturity profile of financial assets and liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual term and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event that current repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly these values will not agree to the statement of financial position.

	Within 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total cash flows	Total carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015								
Financial assets								
Cash and cash equivalents	**54,433**						**54,433**	**54,339**
Receivables due from FI's	**31,897**	**20,130**	**24,450**				**76,477**	**75,745**
Negotiable certificates of deposit	**44,000**	**87,500**					**131,500**	**130,676**
Trade and other receivables	**89**						**89**	**906**
Derivative financial assets	**18**		**36**	**8**			**62**	**71**
Loans and advances	**15,142**	**9,942**	**44,302**	**217,455**	**582,238**		**869,079**	**678,027**
Other investments						**204**	**204**	**204**
Total financial assets	**145,579**	**117,572**	**68,788**	**217,463**	**582,238**	**204**	**1,131,844**	**939,968**
Financial liabilities								
Deposits	**526,703**	**174,660**	**155,915**	**24,351**			**881,629**	**872,171**
Trade and other payables	**5,967**						**5,967**	**9,949**
Subordinated debt		**40**	**121**	**647**	**2,381**		**3,189**	**2,000**
On balance sheet	**532,670**	**174,700**	**156,036**	**24,998**	**2,381**	**-**	**890,785**	**884,120**
Undrawn credit commitments	**55,174**						**55,174**	**55,174**
Total financial liabilities	**587,844**	**174,700**	**156,036**	**24,998**	**2,381**	**-**	**945,959**	**939,294**

2014								
Financial assets								
Cash and cash equivalents	42,988						42,988	42,897
Receivables due from FI's	43,184	19,277	6,105				68,566	67,874
Negotiable certificates of deposit	36,000	73,500					109,500	108,661
Trade and other receivables	134						134	1,169
Derivative financial assets	2						2	16
Loans and advances	14,963	10,340	46,023	226,871	583,812		882,009	671,705
Other investments						204	204	204
Total financial assets	137,271	103,117	52,128	226,871	583,812	204	1,103,403	892,526
Financial liabilities								
Deposits	457,741	212,919	147,120	19,641			837,421	826,973
Trade and other payables	6,303						6,303	11,107
Subordinated debt		43	130	691	2,580		3,444	2,000
On balance sheet	464,044	212,962	147,250	20,332	2,580	-	847,168	840,080
Undrawn credit commitments	47,632						47,632	47,632
Total financial liabilities	511,676	212,962	147,250	20,332	2,580	-	894,800	887,712

37. FINANCIAL INSTRUMENTS (continued)

(d) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

Financial instruments	Note	Total carrying amount 2015 $'000	Total carrying amount 2014 $'000	Aggregate net fair value 2015 $'000	Aggregate net fair value 2014 $'000
Financial assets					
Cash and cash equivalents	7	**54,339**	42,897	**54,433**	42,988
Receivables due from other financial institutions	8	**75,745**	67,874	**76,057**	68,121
Negotiable certificates of deposit	9	**130,676**	108,661	**131,106**	109,122
Trade and other receivables	10	**906**	1,169	**89**	134
Derivative financial instruments	11	**71**	16	**71**	16
Loans and advances	12	**678,027**	671,705	**682,336**	671,214
Other investments	14	**204**	204	**204**	204
Total financial assets		**939,968**	892,526	**944,296**	891,799
Financial liabilities					
Deposits	19	**872,171**	826,973	**872,902**	823,755
Trade and other payables	20	**9,949**	11,107	**9,949**	11,107
Subordinated debt	24	**2,000**	2,000	**2,000**	2,000
Total financial liabilities		**884,120**	840,080	**884,851**	836,862

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash and liquid assets and interest earning deposits

The carrying amounts approximate fair value because they have either a short term to maturity or are receivable on demand.

Receivables due from financial institutions

Trading securities are carried at net market/net fair value.

Negotiable certificates of deposits

Trading securities are carried at net market/net fair value.

Trade and other receivables

The carrying amount approximates fair value as they are short-term in nature. Interest receivable is included as part of the fair value of the various financial instruments.

Derivative financial instruments

Fair value is determined using the present value of the future cash flows the Group expects to pay or receive based upon current interest rates. This value is equivalent to the amount that Group would need to pay to terminate the swap.

Loans and advances

The fair value of loans receivable (excluding impaired loans) are estimated using a method not materially different from discounted cash flow analysis, based on current incremental lending rates for similar types of lending arrangements. The net fair value of impaired loans was calculated using a method not materially different from discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows.

Other investments

For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Deposits

The fair value of deposits are estimated using a method not materially different from discounted cash flow analysis, based on current incremental deposit rates. The Group has assessed its own credit risk in regards to the fair value of deposits, and has assessed that no material valuation adjustment is required.

Trade and other payables

The carrying amount approximates fair value as they are short-term in nature.

Subordinated debt

The fair value of subordinated debt is estimated using a method not materially different from discounted cash flow analysis, based on current market rates for similar arrangements.

38. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

2015	Note	Fair value measurement using Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value					
Derivative financial instruments	11	-	**71**	-	**71**
Investment property	15	-	**1,746**	-	**1,746**
Land and buildings	16	-	**4,760**	-	**4,760**
Total assets measured at fair value		-	**6,577**	-	**6,577**
Assets for which fair values are disclosed					
Cash and cash equivalents		-	**54,433**	-	**54,433**
Receivables due from other financial institutions		-	**76,057**	-	**76,057**
Negotiable certificates of deposit		-	**131,106**	-	**131,106**
Trade and other receivables		-	-	**89**	**89**
Loans and advances		-	-	**682,336**	**682,336**
Other investments		-	-	**204**	**204**
Total assets for which fair value is disclosed		-	**261,596**	**682,629**	**944,225**
Liabilities for which fair values are disclosed					
Deposits		-	**872,902**	-	**872,902**
Trade and other payables		-	-	**9,949**	**9,949**
Subordinated debt		-	**2,000**	-	**2,000**
Total liabilities for which fair value is disclosed		-	**874,902**	**9,949**	**884,851**

There have been no transfers between levels during the year.

38. FAIR VALUE MEASUREMENT (Continued)

2014	Note	Fair value measurement using Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value					
Derivative financial instruments	11	-	16	-	16
Investment property	15	-	1,746	-	1,746
Land and buildings	16	-	4,760	-	4,760
Total assets measured at fair value		-	6,522	-	6,522
Assets for which fair values are disclosed					
Cash and cash equivalents		-	42,988	-	42,988
Receivables due from other financial institutions		-	68,121	-	68,121
Negotiable certificates of deposit		-	109,122	-	109,122
Trade and other receivables		-	-	134	134
Loans and advances		-	-	671,214	671,214
Other investments		-	-	204	204
Total assets for which fair value is disclosed		-	220,231	671,552	891,783
Liabilities for which fair values are disclosed					
Deposits		-	823,755	-	823,755
Trade and other payables		-	-	11,107	11,107
Subordinated debt		-	2,000	-	2,000
Total liabilities for which fair value is disclosed		-	825,755	11,107	836,862

There have been no transfers between levels during the year.

39. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year, the parent of the Group was Hume Bank Limited.

On the basis that the securitised loans are not derecognised, there is no difference between the reported results on a consolidated basis and the results of the parent entity.

	2015 $'000	2014 $'000
Results of the parent entity		
Profit for the year	**3,275**	2,763
Other comprehensive income	**38**	237
Total comprehensive income for the year	**3,313**	3,000
Financial position of the parent entity		
Total assets	**950,392**	903,173
Total liabilities	**886,739**	842,833
Retained earnings	**60,674**	57,501
Reserves	**2,979**	2,839
Commitments for the acquisition of property, plant & equipment	**214**	155

The parent entity prepares its statement of financial position on a liquidity basis and therefore current assets and liabilities are not identified.

Directors' Declaration

In the opinion of the Directors of Hume Bank Limited:

1. the financial statements and notes, set out on pages 7 to 48, are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the financial position of the company and Consolidated Entity as at 30 June 2015 and of their performance, for the financial year ended on that date; and

   (b) complying with Australia Accounting Standards and the Corporations Regulations 2001; and

2. the financial statements also comply with International Financial Reporting Standards; and

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:

Michael Gobel
Chairman

Henrietta Cruddas
Deputy Chairman

Albury, 20 August 2015

Crowe Horwath Albury
ABN 16 673 023 918
Member Crowe Horwath International
491 Smollett Street
Albury NSW 2640 Australia
PO Box 500
Albury NSW 2640 Australia
Tel 02 6121 1111
Fax 02 6041 1892
www.crowehorwath.com.au

Independent Auditor's report to the members of Hume Bank Limited

Report on the financial statements

We have audited the accompanying financial report of Hume Bank Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 39 and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled during the year ended 30 June 2015 set out on pages 7 to 49.

Directors' responsibility for the financial statements

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of Hume Bank Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of it's performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

CROWE HORWATH ALBURY

DAVID MUNDAY
Partner

Albury, 20 August 2015

Crowe Horwath Albury is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Executive Team

DAVID MARSHALL
Chief Executive Officer

JESSIE ARNEY
General Manager
Human Resources

WAYNE NAGLE
General Manager
Finance and Administration

ALISON PRENTICE
Risk Manager

DAVID ROWE
General Manager
Information Technology

MELISSA SWEETLAND
General Manager
Customer Service,
Sales and Marketing

Management Team

OLYMPIA ANDRONICOS
Regional Manager
Southern NSW

DYANI BONACCI
Marketing Manager

CARLY BROWN
Regional Manager Victoria

JUDY CLOHESY
Administrative Services
and Facilities Manager

ALISON EATON
Human Resources
Manager

DALE JOHNSTONE
Financial and Management
Accountant

GEMMA NOORDEWIER
Acting Marketing Manager

JARROD O'NEILL
Finance Manager

TYLER PEACHEY
Credit Manager

BILL QUINN
Information Technology
Manager

MELISSA RALPH
Compliance Manager

JUSTIN RYNEHART
Regional Manager Riverina

JASON WOOLHOUSE
Product Manager

Service Centres

Albury

HEAD OFFICE
492 Olive Street,
Albury NSW 2640
Phone (02) 6051 3211
Fax (02) 6051 3255

Myer Centrepoint
David & Swift Streets,
Albury NSW 2640
Phone (02) 6051 3306
Fax (02) 6041 3314

Centro Albury
487 Kiewa Street,
Albury NSW 2640
Phone (02) 6051 3308
Fax (02) 6041 5697

Lavington Square
Griffith Road,
Lavington NSW 2641
Phone (02) 6051 3302
Fax (02) 6040 3508

Thurgoona Plaza
Shuter Avenue,
Thurgoona NSW 2640
Phone (02) 6051 3325
Fax (02) 6043 3140

Wodonga

131 High Street,
Wodonga VIC 3690
Phone (02) 6051 3309
Fax (02) 6022 9066

Wodonga Plaza
Elgin Street,
Wodonga VIC 3690
Phone (02) 6051 3303
Fax (02) 6022 9022

Birallee Village
97 Melrose Drive,
Wodonga VIC 3690
Phone (02) 6051 3304
Fax (02) 6043 4304

White Box Rise
Shop 12, Victoria Cross Parade,
Wodonga VIC 3690
Phone (02) 6051 3326
Fax (02) 6024 3462

Wagga Wagga

115 Baylis Street,
Wagga Wagga NSW 2650
Phone (02) 6939 7440
Fax (02) 6971 8134

Kooringal Mall
269 Lake Albert Road,
Kooringal NSW 2650
Phone (02) 6939 7442
Fax (02) 6926 6936

Southcity Shopping Centre
1 Tanda Place,
Glenfield Park NSW 2650
Phone (02) 6939 7441
Fax (02) 6971 2897

Wangaratta

76 Reid Street,
Wangaratta VIC 3677
Phone (03) 5721 3322
Fax (03) 5721 3977

Regional

COROWA
79 Sanger Street,
Corowa NSW 2646
Phone (02) 6051 3305
Fax (02) 6033 4312

CULCAIRN
50 Balfour Street,
Culcairn NSW 2660
Phone (02) 6051 3310
Fax (02) 6029 8121

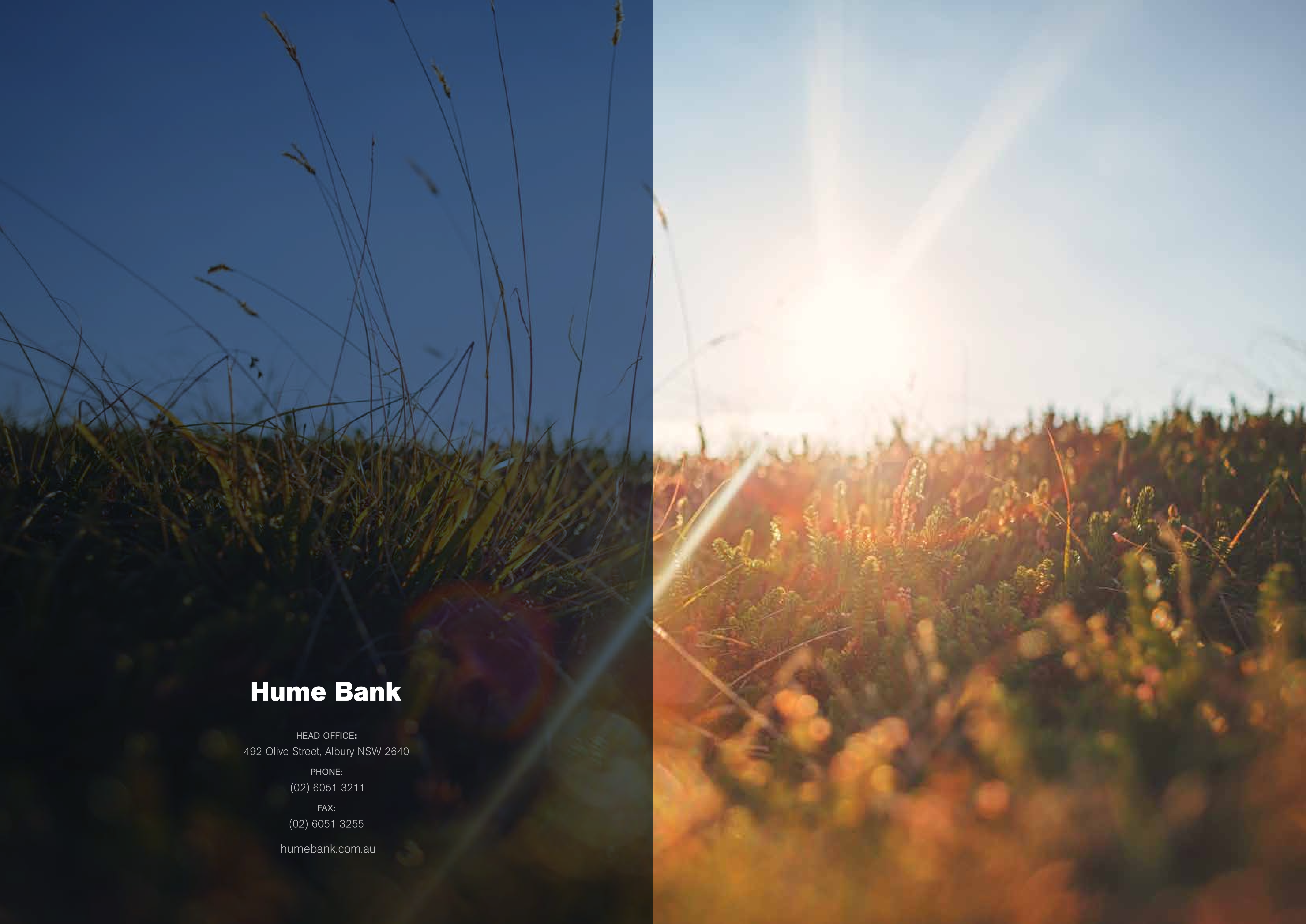
HOWLONG
45 Hawkins Street,
Howlong NSW 2643
Phone (02) 6051 3317
Fax (02) 6026 8322

JINDERA
8-9 Jindera Plaza,
Jindera NSW 2642
Phone (02) 6051 3323
Fax (02) 6026 3718

RUTHERGLEN
128-130 Main Street,
Rutherglen VIC 3685
Phone (02) 6051 3321
Fax (02) 6032 7017

YACKANDANDAH
10 High Street,
Yackandandah VIC 3749
Phone (02) 6051 3311
Fax (02) 6027 1184

Hume Bank



Hume Bank

HEAD OFFICE:
492 Olive Street, Albury NSW 2640
PHONE:
(02) 6051 3211
FAX:
(02) 6051 3255
humebank.com.au