

APS 330 Public Disclosure

Capital Adequacy and Credit Risk Exposure
as at 31 Mar 2021



Credit Union SA Ltd
ABN 36 087 651 232
AFSL/Australian Credit
Licence Number 241066



1. Capital Adequacy

The Credit Union's lead regulator, APRA, sets and monitors minimum capital requirements based on an Internal Capital Adequacy Assessment Process (ICAAP) prepared by the Credit Union, which sets a targeted capital range based on risk analysis and capital allocation for identified risk categories.

In implementing current capital requirements, APRA requires the Credit Union to maintain a prescribed capital adequacy ratio. The Credit Union has complied with all APRA capital adequacy requirements throughout the period.

The Credit Union maintains capital through the appropriation of retained earnings to general reserves. No other capital instruments are utilised.

The Credit Union has adopted a standardised approach to the calculation of the capital adequacy ratio in accordance with the Basel III capital framework.

There have been no material changes in the Credit Union's management of capital during the period.

1.1 Capital

1.1 Capital (as at 31 March 2021)

| | |
|---|-----------------|
| Common Equity Tier 1 Capital | \$'000 |
| Retained and current year's earnings | 106,695 |
| Other reserves | 2,489 |
| Common Equity Tier 1 capital before regulatory adjustments | 109,184 |
| Common Equity Tier 1 Capital: regulatory adjustments | |
| Goodwill and Other Intangibles | (3,756) |
| Deferred Tax Assets arising from temporary differences | (1,226) |
| Investment in banking and financial entities | (2,838) |
| Specific Capital adjustments relating to internal securitisation | (3,825) |
| Equity investments in commercial entities | (4,596) |
| Total regulatory adjustments to Common Equity Tier 1 Capital | (16,241) |
| Total Common Equity Tier 1 Capital | 92,943 |
| | |
| Tier 2 Capital: instruments and provisions | |
| General Reserve for Credit Losses | 1,931 |
| Total Tier 2 Capital | 1,931 |
| | |
| Total Capital | 94,874 |

1.2 Reconciliation of Regulatory Capital

| | \$'000 |
|---|----------------|
| Equity | 110,300 |
| General Reserves for Credit Losses (AASB 9) | (1,116) |
| Common Equity Tier 1 capital before regulatory adjustments | 109,184 |
| Regulatory adjustments to Common Equity Tier 1 Capital | (16,241) |
| Total Common Equity Tier 1 Capital | 92,943 |
| Total Tier 2 Capital | 1,931 |
| Total Capital | 94,874 |

1.3 Capital Requirements

| | Total Exposure \$'000 | Risk Weighted Exposure \$'000 |
|---|-----------------------------|-------------------------------------|
| Credit Risk | | |
| loans and advances secured by mortgages | 968,467 | 350,819 |
| other loans and advances | 43,104 | 43,104 |
| external liquid deposits | 238,809 | 83,568 |
| off balance sheet exposures | 26,058 | 9,600 |
| Cash | 10,924 | 2,139 |
| Other assets | 395 | 395 |
| Credit Risk Weighted Exposure | 1,287,757 | 489,626 |
| Operational Risk Weighted Exposure | | 64,387 |
| Total Risk Weighted Exposure | | 554,013 |

1.4 Capital Adequacy Ratios

| | |
|-----------------------------------|---------------|
| Common Equity Tier 1 Ratio | 16.78% |
| Total Capital Ratio | 17.12% |

2. Credit Risk Exposure

| | Gross Credit Risk at March 2021 | Quarterly Average Gross Exposure | Amount Impaired | Amount Past Due 90 days | Individual Provision | Charge for Individual Provisions and Write-offs for the Period | General Reserve for Credit Losses |
|--|---------------------------------------|---|--------------------|-------------------------------|-------------------------|---|--|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Loans and Advances to Members | | | | | | | |
| Loans and advances secured by mortgages | 968,467 | 959,806 | 10,064 | 10,044 | 5 | - | - |
| Other loans and advances | 43,104 | 41,374 | 252 | 144 | 138 | (39) | - |
| Total Loans and Advances to Members | 1,011,571 | 1,001,180 | 10,316 | 10,188 | 143 | (39) | 2,664 |
| External Liquid Deposits | 238,809 | 235,254 | - | - | - | - | - |
| Cash | 10,924 | 18,237 | - | - | - | - | - |
| Other Assets | 395 | 654 | - | - | - | - | - |
| Off Balance Sheet Exposures | 26,058 | 25,618 | - | - | - | - | - |
| Total Credit Risk Exposure | 1,287,757 | 1,280,943 | 10,316 | 10,188 | 143 | (39) | 2,664 |