

APS 330 Public Disclosure

Capital Adequacy and Credit Risk Exposure
as at 31 March 2020



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 (as at 31 March 2020)

Common Equity Tier 1 Capital	\$'000
Retained and current year's earnings	104,979
Other reserves	1,477
Common Equity Tier 1 capital before regulatory adjustments	106,456
Common Equity Tier 1 Capital: regulatory adjustments	
Goodwill and Other Intangibles	(3,736)
Deferred Tax Assets arising from temporary differences	(995)
Investment in banking and financial entities	(2,828)
Specific Capital adjustments relating to internal securitisation	(2,101)
Equity investments in commercial entities	(4,343)
Total regulatory adjustments to Common Equity Tier 1 Capital	(14,003)
Total Common Equity Tier 1 Capital	92,453
Tier 2 Capital: instruments and provisions	
General Reserve for Credit Losses	1,067
Total Tier 2 Capital	1,067
Total Capital	93,520

1.2 Reconciliation of Regulatory Capital

	\$'000
Equity	107,200
General Reserves for Credit Losses (AASB 9)	(744)
Common Equity Tier 1 capital before regulatory adjustments	106,456
Regulatory adjustments to Common Equity Tier 1 Capital	(14,003)
Total Common Equity Tier 1 Capital	92,453
Total Tier 2 Capital	1,067
Total Capital	93,520

1.3 Capital Requirements

	Total Exposure \$'000	Risk Weighted Exposure \$'000
Credit Risk		
loans and advances secured by mortgages	936,928	342,609
other loans and advances	36,691	36,691
external liquid deposits	161,111	53,080
off balance sheet exposures	8,445	3,103
Cash	12,793	2,446
Other assets	1,584	1,584
Credit Risk Weighted Exposure	1,157,552	439,513
Operational Risk Weighted Exposure		61,784
Total Risk Weighted Exposure		501,297

1.4 Capital Adequacy Ratios

Common Equity Tier 1 Ratio	18.44%
Total Capital Ratio	18.66%

2. Credit Risk Exposure

	Gross Credit Risk at March 2020	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	936,928	944,139	1,106	1638	-	-	-
Other loans and advances	36,691	37,081	259	166	105	2	-
Total Loans and Advances to Members	973,619	981,220	1,365	1,804	105	2	1,525
External Liquid Deposits	161,111	162,109	-	-	-	-	-
Cash	12,793	19,648	-	-	-	-	-
Other Assets	1,584	1,474	-	-	-	-	-
Off Balance Sheet Exposures	8,445	11,604	-	-	-	-	-
Total Credit Risk Exposure	1,157,552	1,176,055	1,365	1,804	105	2	1,525