

APS 330 Public Disclosure

Capital Adequacy and Credit Risk Exposure
as at 31 December 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

1.1 Capital (as at 31 December 2020)

Common Equity Tier 1 Capital	\$'000
Retained and current year's earnings	106,310
Other reserves	2,797
Common Equity Tier 1 capital before regulatory adjustments	109,107
Common Equity Tier 1 Capital: regulatory adjustments	
Goodwill and Other Intangibles	(3,559)
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	(16,044)
Total Common Equity Tier 1 Capital	93,062
Tier 2 Capital: instruments and provisions	
General Reserve for Credit Losses	1,791
Total Tier 2 Capital	1,791
Total Capital	94,853

1.2 Reconciliation of Regulatory Capital

	\$'000
Equity	110,119
General Reserves for Credit Losses (AASB 9)	(1,012)
Common Equity Tier 1 capital before regulatory adjustments	109,107
Regulatory adjustments to Common Equity Tier 1 Capital	(16,044)
Total Common Equity Tier 1 Capital	93,062
Total Tier 2 Capital	1,791
Total Capital	94,853

1.3 Capital Requirements

	Total Exposure \$'000	Risk Weighted Exposure \$'000
Credit Risk		
loans and advances secured by mortgages	951,145	346,344
other loans and advances	36,644	39,644
external liquid deposits	231,698	80,299
off balance sheet exposures	25,178	9,328
Cash	25,549	5,063
Other assets	1,441	1,441
Credit Risk Weighted Exposure	1,274,655	482,119
Operational Risk Weighted Exposure		64,387
Total Risk Weighted Exposure		546,506

1.4 Capital Adequacy Ratios

Common Equity Tier 1 Ratio	17.03%
Total Capital Ratio	17.36%

2. Credit Risk Exposure

	Gross Credit Risk at December 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	951,145	936,973	12,664	12,664	5	-	-
Other loans and advances	39,644	37,133	369	231	196	33	-
Total Loans and Advances to Members	990,789	974,106	13,033	12,895	201	33	2,471
External Liquid Deposits	231,698	241,244	-	-	-	-	-
Cash	25,549	21,063	-	-	-	-	-
Other Assets	1,441	1,603	-	-	-	-	-
Off Balance Sheet Exposures	25,178	22,687	-	-	-	-	-
Total Credit Risk Exposure	1,274,655	1,260,703	13,033	12,895	201	33	2,471