

QUARTERLY PRUDENTIAL CAPITAL DISCLOSURES

31 DECEMBER 2018

ABN 14 087 650 771



1. INTRODUCTION

As a locally incorporated ADI using the standardised approach under Basel III regulatory requirements, Illawarra Credit Union Ltd (“the Credit Union”) is required to disclose information about their capital and risk exposure under Australian Prudential Standard APS 330.

2. CAPITAL MANAGEMENT

The Credit Union calculates capital requirements by analysing various major risks faced by the Credit Union and ensuring appropriate levels of capital are maintained to cover those risks. Major risks considered include credit risk, interest rate risk, liquidity risk, operational risk, reputational risk and economic risk. The Credit Union’s Risk Management framework presents information about the Credit Union’s exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, the management of capital, and incorporates rules and ratios established by the Australian Prudential Regulation Authority.

The Credit Union has complied with all external capital requirements, as well as maintaining healthy capital ratios in order to support our ongoing business activities.

Capital Adequacy	31st Dec 2018	30th Sep 2018
Capital requirements - Credit Risk	Risk Weighted Assets	Risk Weighted Assets
	\$'000	\$'000
– Claims secured by residential mortgages	175,848	178,154
– Other retail loans	15,196	15,630
– Claims on ADI's & Banks	30,792	31,270
– Corporate claims	-	-
– Other claims	7,847	7,961
– Other non-market off balance sheet exposures	6,356	5,181
Capital requirements - Credit Risk	236,040	238,196
Capital requirements - Market Risk	-	-
Capital requirements - Operational Risk	37,299	38,165
TOTAL Risk Weighted Assets	273,339	276,361
Common Equity Tier 1 Ratio	14.58%	14.38%
Tier 1 Capital Ratio	14.58%	14.38%
Total Capital Ratio	15.14%	14.95%

General Reserve for Credit Losses	\$'000
as at 31st December 2018	1,529
as at 30th September 2018	1,568

Credit Risk as at 31st December 2018	Total Gross Exposure	Average Gross Exposure (Qtr)
	\$'000	\$'000
– Cash items	743	619
– ADI's & Banks	137,295	143,445
– Loans: Residential secured	484,392	484,853
– Loans: Other	17,961	18,011
– Loans: Total	502,354	502,864
– Other	7,847	7,885
– Other non-market off balance sheet exposures	101,177	98,584
Total exposures	749,417	753,397

Credit Risk as at 31st December 2018	Impaired	Past Due	Collective Provision	Collective Expense	Collective Charge	Specific Provision	Specific Charge
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
– Cash items							
– ADI's & Banks							
– Loans: Residential secured		2,765					
– Loans: Investment secured		-					
– Loans: Other	618	48	40	7	4	40	4
– Loans: Total	618	2,813	40	7	4	40	4
– Other							
– Other non-market off balance sheet exposures							
Total exposures	618	2,813	40	7	4	40	4

Credit Risk as at 30th September 2018	Total Gross Exposure	Average Gross Exposure (Qtr)
	\$'000	\$'000
– Cash items	585	635
– ADI's & Banks	140,435	121,823
– Loans: Residential secured	492,180	494,860
– Loans: Other	18,059	17,993
– Loans: Total	510,239	512,853
– Other	7,961	8,007
– Other non-market off balance sheet exposures	97,080	95,052
Total exposures	756,301	738,371

Credit Risk as at 30th September 2018	Impaired	Past Due	Collective Provision	Collective Expense	Collective Charge	Specific Provision	Specific Charge
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
– Cash items							
– ADI's & Banks							
– Loans: Residential secured		2,429					
– Loans: Investment secured		-					
– Loans: Other	38	65	43	6	18	43	18
– Loans: Total	38	2,494	43	6	18	43	18
– Other							
– Other non-market off balance sheet exposures							
Total exposures	38	2,494	43	6	18	43	18