

# QUARTERLY PRUDENTIAL CAPITAL DISCLOSURES

31 MARCH 2019

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 Mar 2019	31st Dec 2018
<b>Capital requirements - Credit Risk</b>	<b>Risk Weighted Assets</b>	<b>Risk Weighted Assets</b>
	<b>\$'000</b>	<b>\$'000</b>
– Claims secured by residential mortgages	174,946	175,848
– Other retail loans	15,661	15,196
– Claims on ADI's & Banks	27,757	30,792
– Corporate claims	-	-
– Other claims	7,710	7,847
– Other non-market off balance sheet exposures	4,579	6,356
<b>Capital requirements - Credit Risk</b>	<b>230,653</b>	<b>236,040</b>
<b>Capital requirements - Market Risk</b>	<b>-</b>	<b>-</b>
<b>Capital requirements - Operational Risk</b>	<b>37,299</b>	<b>37,299</b>
<b>TOTAL Risk Weighted Assets</b>	<b>267,952</b>	<b>273,339</b>
<b>Common Equity Tier 1 Ratio</b>	<b>14.96%</b>	<b>14.58%</b>
<b>Tier 1 Capital Ratio</b>	<b>14.96%</b>	<b>14.58%</b>
<b>Total Capital Ratio</b>	<b>15.54%</b>	<b>15.14%</b>

General Reserve for Credit Losses	\$'000
as at 31st March 2019	1,548
as at 31st December 2018	1,529

Credit Risk as at 31st March 2019	Total Gross Exposure	Average Gross Exposure (Qtr)
	\$'000	\$'000
– Cash items	612	599
– ADI's & Banks	126,621	139,887
– Loans: Residential secured	484,839	485,002
– Loans: Other	17,675	17,915
– Loans: Total	502,513	502,917
– Other	7,710	7,839
– Other non-market off balance sheet exposures	96,306	95,459
<b>Total exposures</b>	<b>733,763</b>	<b>746,702</b>

<b>Credit Risk as at 31st March 2019</b>	<b>Impaired</b>	<b>Past Due</b>	<b>Collective Provision</b>	<b>Collective Expense</b>	<b>Collective Charge</b>	<b>Specific Provision</b>	<b>Specific Charge</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
– Cash items							
– ADI's & Banks							
– Loans: Residential secured		2,014					
– Loans: Investment secured		-					
– Loans: Other	1,110	72	51	2	13	51	14
– Loans: Total	<u>1,110</u>	<u>2,086</u>	<u>51</u>	<u>2</u>	<u>13</u>	<u>51</u>	<u>14</u>
– Other							
– Other non-market off balance sheet exposures							
<b>Total exposures</b>	<b>1,110</b>	<b>2,086</b>	<b>51</b>	<b>2</b>	<b>13</b>	<b>51</b>	<b>14</b>

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

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