ABN 14 087 650 771

QUARTERLY PRUDENTIAL CAPITAL DISCLOSURES

30 SEPTEMBER 2020

Prudential Disclosures
For the quarter ended 30 September 2020

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.

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	30th Sep 2020	30th Jun 2020
Capital requirements - Credit Risk	Risk Weighted Assets	Risk Weighted Assets
	$'000	$'000
– Claims secured by residential mortgages	156,006	164,409
– Other retail loans	14,685	14,083
– Claims on ADI's & Banks	57,796	52,564
– Corporate claims	-	-
– Other claims	8,016	8,192
– Other non-market off balance sheet exposures	5,423	5,172
Capital requirements - Credit Risk	241,926	244,420
Capital requirements - Market Risk	-	
Capital requirements - Operational Risk	36,863	36,863
TOTAL Risk Weighted Assets	278,789	281,152
Common Equity Tier 1 Ratio	15.77%	15.45%
Tier 1 Capital Ratio	15.77%	15.45%
Total Capital Ratio	16.25%	15.96%

General Reserve for Credit Losses	
	$'000
as at 30th September 2020	1,336
as at 30th June 2020	1,457

Credit Risk as at 30th September 2020	Total Gross Exposure	Average Gross Exposure (Qtr)
	$'000	$'000
– Cash items	484	499
– ADI's & Banks	190,664	185,930
– Loans: Residential secured	434,128	441,778
– Loans: Other	16,299	15,612
– Loans: Total	450,427	457,389
– Other	8,016	7,171
– Other non-market off balance sheet exposures	95,994	93,766
Total exposures	**745,585**	**744,753**

Prudential Disclosures
For the quarter ended 30 September 2020

Credit Risk as at 30th September 2020	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		1,250					
− Loans: Investment secured		-					
− Loans: Other	119	412	90	7	27	90	27
− Loans: Total	119	1,662	90	7	27	90	27
− Other							
− Other non-market off balance sheet exposures							
Total exposures	**119**	**1,662**	**90**	**7**	**27**	**90**	**27**

Credit Risk as at 30th June 2020	Total Gross Exposure	Average Gross Exposure (Qtr)
	$'000	$'000
− Cash items	452	472
− ADI's & Banks	161,409	147,991
− Loans: Residential secured	458,410	464,343
− Loans: Other	15,196	14,752
− Loans: Total	473,606	479,094
− Other	8,192	7,319
− Other non-market off balance sheet exposures	91,346	94,787
Total exposures	**735,005**	**729,662**

Credit Risk as at 30th June 2020	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		752					
− Loans: Investment secured		-					
− Loans: Other	106	409	70	5	19	70	19
− Loans: Total	106	1,161	70	5	19	70	19
− Other							
− Other non-market off balance sheet exposures							
Total exposures	**106**	**1,161**	**70**	**5**	**19**	**70**	**19**