

Traditional Credit Union (the “Credit Union”), as an Authorised Deposit-Taking Institution (ADI), is regulated by the Australian Prudential Regulatory Authority (APRA). APRA is the prudential regulator of the Australian financial services industry. The fundamental role of APRA is to ensure the stability of the financial industry, primarily through the establishment and enforcement of prudential standards

This report has been prepared by the Credit Union to meet its disclosure requirements under the APRA Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information. Under APS 330, the Credit Union is required to disclose information about its capital and risk exposure. These disclosures show the assets of Credit Union, their appropriate risk weighing and the capital base. Capital Adequacy is calculated as total regulatory capital base divided by risk weighted assets.

**Table 1: Capital Disclosure Template**

The details of the components of the capital base of the Credit Union are set out below as at the financial year ended 30 June 2016. These amounts are based on the audited figures.

The following Table 1 sets out the elements of the capital held by the Credit Union including the reconciliation of any adjustments required by the APRA Prudential Standards to the audited financial statements. The Credit Union is using post January 2018 capital disclosure template because it is fully applying the Basel III regulatory adjustments as implemented by Australian Prudential Regulatory Authority (APRA).

All regulatory capital elements are consistent with the audited financial statements as at the last reporting date.

<b>Common Equity Tier 1 capital: instruments</b>		
2	Retained earnings	2,860,033
3	Accumulated other comprehensive income (and other reserves)	604,620
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>3,464,653</b>
<b>Common Equity Tier 1 capital : regulatory adjustments</b>		
26	National specific regulatory adjustments (sum of rows 26d, 26e and 26f)	898,012
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	45,000
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	622,509
26f	of which: capitalised expenses	230,503
28	Total regulatory adjustments to Common Equity Tier 1	<b>898,012</b>
29	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>2,566,641</b>
58	<b>Tier 2 capital (T2)</b>	0
59	<b>Total capital (TC=T1+T2)</b>	<b>2,566,641</b>
60	<b>Total risk-weighted assets based on APRA standards</b>	<b>2,812,372</b>
<b>Capital ratios and buffers</b>		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	<b>91.26%</b>
62	Tier 1 (as a percentage of risk-weighted assets)	<b>91.26%</b>
63	Total capital (as a percentage of risk-weighted assets)	<b>91.26%</b>
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	<b>7.0%</b>
65	of which: capital conservation buffer requirement	2.5%
66	of which: ADI-specific countercyclical buffer requirements	0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	<b>39.76%</b>

**Table 2: Regulatory Capital Reconciliation**

As the scope for capital for regulatory purposes and accounting purposes is often different, locally incorporated ADIs are required to prepare reconciliation between the two bases of preparation. The below reconciliation contains the regulatory and accounting capital for Traditional Credit Union, which does not incorporate any consolidated entities and the principal activity of which is the provision of financial products, services and associated activities to members.

Statement of Financial Position	in \$	Capital Structure Reference
<b>ASSETS</b>		
Cash and cash equivalents	2,506,003	
Trade and other receivables	31,150	
Investments	5,939,275	Row 26d
Loans and advances	75,079	
Deferred tax assets	622,509	Row 26e
Property, plant and equipment	468,443	
Intangible assets	230,503	Row 26f
Other assets	190,159	
<b>TOTAL ASSETS</b>	<b>10,063,121</b>	
<b>LIABILITIES</b>		
Trade and other payables	574,497	
Provisions	284,797	
Current tax liabilities	153,487	
Other liabilities	1,736,257	
Deposits	3,849,430	
<b>TOTAL LIABILITIES</b>	<b>6,598,468</b>	
<b>NET ASSETS</b>	<b>3,464,653</b>	
<b>EQUITY</b>		
Redeemable Preference Share Reserve	29,620	
Reserves	575,000	
Retained earnings	2,860,033	
<b>TOTAL EQUITY</b>	<b>3,464,653</b>	
<b>Regulatory Adjustment</b>	in \$	Capital Structure Reference
Other intangible	-230,503	Row 26f
Net deferred tax assets	-622,509	Row 26e
Investments	-45,000	Row 26d
<b>Expanded Balance Sheet Under Regulatory Scope of APS 330</b>	<b>2,566,641</b>	

**Capital Instruments of Traditional Credit Union**

The regulatory capital of the Credit Union comprises:

- Retained Earnings
- Capital and Other Reserves

There are no capital instruments (shares, debt instruments) issued by the Credit Union.