

Public Disclosure of Prudential Information in accordance with APRA Prudential Standard APS 330

This report has been prepared by the Traditional Credit Union (TCU) to meet its disclosure requirements under the Australian Prudential Regulatory Authority (APRA) Australian Prudential Standard (APS) 330 Capital Adequacy: Public disclosure of Prudential Information.

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

Under APS 330, TCU is required to disclose information about its capital and risk exposure. These disclosures display the assets of TCU, 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 as at 30 June 2020

TCU is applying the Basel III regulatory adjustments in full as implemented by APRA under APS 330. The amounts are based on the audited figures for the period ended 30 June 2019.		
Common Equity Tier 1 capital: instruments and reserves		AUD \$
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	N/A
2	Retained earnings	4,802,455
3	Accumulated other comprehensive income (and other reserves)	618,522
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)</i>	N/A
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6	Common Equity Tier 1 capital before regulatory adjustments	5,420,977
Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	N/A
8	Goodwill (net of related tax liability)	N/A
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	N/A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	N/A
11	Cash-flow hedge reserve	N/A
12	Shortfall of provisions to expected losses	N/A
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	N/A
14	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A
15	Defined benefit superannuation fund net assets	N/A
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A
17	Reciprocal cross-holdings in common equity	N/A
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A
20	Mortgage service rights (amount above 10% threshold)	N/A
21	Deferred tax assets arising from temporary differences (amount >10% threshold, net of related tax liability)	N/A
22	Amount exceeding the 15% threshold	N/A
23	of which: significant investments in the ordinary shares of financial entities	N/A
24	of which: mortgage servicing rights	N/A
25	of which: deferred tax assets arising from temporary differences	N/A

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26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	270,177
26a	of which: treasury shares	N/A
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	N/A
26c	of which: deferred fee income	N/A
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	225,177
26f	of which: capitalised expenses	0
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA rules	N/A
26h	of which: covered bonds in excess of asset cover in pools	N/A
26i	of which: undercapitalisation of a non-consolidated subsidiary	N/A
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	N/A
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	N/A
28	Total regulatory adjustments to Common Equity Tier 1	270,177
29	Common Equity Tier 1 Capital (CET1)	5,150,800
Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	N/A
31	of which: classified as equity under applicable accounting standards	N/A
32	of which: classified as liabilities under applicable accounting standards	N/A
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
35	of which: instruments issued by subsidiaries subject to phase out	N/A
36	Additional Tier 1 Capital before regulatory adjustments	N/A
Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	N/A
38	Reciprocal cross-holdings in Additional Tier 1 instruments	N/A
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	N/A
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	N/A
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	N/A
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	N/A
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A
43	Total regulatory adjustments to Additional Tier 1 capital	N/A
44	Additional Tier 1 capital (AT1)	N/A
45	Tier 1 Capital (T1=CET1+AT1)	5,150,800
Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	N/A
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	N/A
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	N/A
49	of which: instruments issued by subsidiaries subject to phase out	N/A
50	Provisions	N/A
51	Tier 2 Capital before regulatory adjustments	N/A

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Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	N/A
53	Reciprocal cross-holdings in Tier 2 instruments	N/A
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	N/A
56a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	N/A
56b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55</i>	N/A
56c	<i>of which: other national specific regulatory adjustments not reported in rows 56a and 56b</i>	N/A
57	Total regulatory adjustments to Tier 2 capital	N/A
58	Tier 2 capital (T2)	0
59	Total capital (TC=T1+T2)	5,150,800
60	Total risk-weighted assets based on APRA standards	4,393,659
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	117.23%
62	Tier 1 (as a percentage of risk-weighted assets)	117.23%
63	Total capital (as a percentage of risk-weighted assets)	117.23%
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.0%
65	<i>of which: capital conservation buffer requirement</i>	2.5%
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	0%
67	<i>of which: G-SIB buffer requirement</i>	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	65.73%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	
71	National total capital minimum ratio (if different from Basel III minimum)	
Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	N/A
73	Significant investments in the ordinary shares of financial entities	N/A
74	Mortgage servicing rights (net of related tax liability)	N/A
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	N/A
77	Cap on inclusion of provisions in Tier 2 under standardised approach	N/A
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 - 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	N/A
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	N/A
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	N/A
84	Current cap on T2 instruments subject to phase out arrangements	N/A
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A

Table 2: Regulatory capital disclosure reconciliation as at 30 June 2020

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 TCU, 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	Capital Structure Reference	AUD \$
ASSETS		
Cash and cash equivalents		6,597,876
Trade and other receivables		22,845
Investments	Row 26d	10,560,432
Loans and advances		33,973
Current tax receivable		-
Deferred tax assets	Row 26e	225,177
Property, plant and equipment		54,795
Intangible assets		-
Other assets		147,398
TOTAL ASSETS		17,642,496
LIABILITIES		
Trade and other payables		378,280
Provisions		255,911
Current tax payable		71,288
Other liabilities		23,295
Deposits		11,492,745
TOTAL LIABILITIES		12,221,519
NET ASSETS		5,420,977
EQUITY		
Redeemable preference share reserve	Row 3	43,522
Reserves	Row 3	575,000
Retained earnings	Row 2	4,802,455
TOTAL EQUITY		5,420,977
Regulatory Adjustment		
Net deferred tax assets	Row 26e	-225,177
Investments	Row 26d	-45,000
Expanded Statement of Financial Position under regulatory APS 330		5,150,800

Capital Instruments of the Credit Union

The regulatory capital of TCU comprises of retained earnings, capital and other reserves.

There are no capital instruments (shares, debt instruments) issued by TCU.