

ABN 14 087 650 771

QUARTERLY PRUDENTIAL CAPITAL DISCLOSURES

30 JUNE 2020

For the guarter ended 30 June 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 S | Structure as at 30th June 2020 | |
|-----------|--|----------------|
| Common | Equity Tier 1 capital: instruments and reserves | A\$t |
| 1 | Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital | Not Applicable |
| 2 | Retained earnings | 41,528 |
| 3 | Accumulated other comprehensive income (and other reserves) | 2,852 |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies) | Not Applicable |
| 5 | Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | Not Applicable |
| <u> </u> | Common Equity Tier 1 capital before regulatory adjustments | 44,380 |
| | Equity Tier 1 capital : regulatory adjustments | 44,380 |
| 7 | Prudential valuation adjustments | Not Applicable |
| 8 | Goodwill (net of related tax liability) | Not Applicable |
| 9 | Other intangibles other than mortgage servicing rights (net of related tax liability) | 929 |
| | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related | 323 |
| 10 | tax liability) | - |
| 11 | Cash-flow hedge reserve | Not Applicable |
| 12 | Shortfall of provisions to expected losses | Not Applicable |
| 13 | Securitisation gain on sale (as set out in paragraph 562 of Basel II framework) | Not Applicable |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | Not Applicable |
| 15 | Defined benefit superannuation fund net assets | Not Applicable |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | Not Applicable |
| 17 | Reciprocal cross-holdings in common equity | Not Applicable |
| | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory | |
| 18 | consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) | - |
| 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) | Not Applicable |
| 20 | Mortgage service rights (amount above 10% threshold) | Not Applicable |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | Not Applicable |
| 22 | Amount exceeding the 15% threshold | Not Applicable |
| 23 | of which: significant investments in the ordinary shares of financial entities | Not Applicable |
| 24 | of which: mortgage servicing rights | Not Applicable |
| 25 | of which: deferred tax assets arising from temporary differences | Not Applicable |
| 26 | National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j) | ϵ |
| 26a | of which: treasury shares | Not Applicable |
| 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 | Not Applicable |
| 26c | of which: deferred fee income | (130) |
| 26d | of which: equity investments in financial institutions not reported in rows 18, 19 and 23 | Not Applicable |
| 26e | of which: deferred tax assets not reported in rows 10, 21 and 25 | Not Applicable |

For the quarter ended 30 June 2020

| 26g of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements 260 of which: covered bonds in excess of asset cover in pools 261 of which: other astonal psecific regulatory adjustments not reported in rows 26a to 26i 262 of which: other astonal psecific regulatory adjustments not reported in rows 26a to 26i 273 of which: other astonal psecific regulatory adjustments to Post of the Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 274 of the Common Equity Tier 1 common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 275 of the Common Equity Tier 1 common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 375 of the Common Equity Tier 1 common Equity Tier 1 due to insufficient Additional Tier 1 Capital instruments 376 of which: classified as equity under applicable accounting standards 377 of the Common Equity Tier 1 common | 26f | of which conitalized expenses | 136 |
|--|------------------|--|----------------|
| 266 of which: covered bonds in access of asset cover in pools 267 of which: undercapitalisation of a non-consolidated subsidiary 268 of which: undercapitalisation of a non-consolidated subsidiary 269 of which: undercapitalisation of a non-consolidated subsidiary 260 of which: other national specific regulatory adjustments to other Equity Ter 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 260 Teretary adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions 270 Common Equity Tier 1 Capital (Capital Instrument) 271 Open Capital Instruments 272 Open Capital Instruments 273 OF Instruments 273 OF Instruments 274 Open Capital Instruments 275 Open Capital Inst | | of which: capitalised expenses | |
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| of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40 11 combined on the capital of provisions and of which: other national specific regulatory adjustments not reported in rows 41a and 41b 12 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions 13 Total regulatory adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions 14 Additional Tier 1 capital (Tat) 15 Tier 1 Capital (Tat) 16 Directly issued to part 1 capital (Tat) 17 Directly issued qualifying Tier 2 instruments 18 Directly issued qualifying Tier 2 instruments subject to phase out from Tier 2 18 Directly issued qualifying Tier 2 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2) 19 Of which: instruments issued by subsidiaries subject to phase out from Tier 2 19 Of which: instruments issued by subsidiaries subject to phase out from Tier 2 10 Provisions 10 Provisions 11 A57 10 Provisions 11 Pre 2 Capital before regulatory adjustments 12 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) 15 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 18 Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation net regulatory adjustments (sum of rows 56a, 56b and 56c) 18 Significant investments in the capital of financial institutions that are outside the | 41 | National specific regulatory adjustments (sum of rows 41a, 41b and 41c) | Not Applicable |
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| reported in rows 39 and 40 41c of which: other national specific regulatory adjustments not reported in rows 41a and 41b Not Applicable 42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions Not Applicable 43 Total regulatory adjustments to Additional Tier 1 capital 44 Additional Tier 1 capital (AT1) Not Applicable 45 Tier 1 Capital (T1=CET1+AT1) Not Applicable 46 Directly issued qualifying Tier 2 instruments 47 Directly issued qualifying Tier 2 instruments 48 Directly issued capital instruments subject to phase out from Tier 2 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) 48 Provisions 49 of which: instruments issued by subsidiaries subject to phase out 49 of which: instruments issued by subsidiaries subject to phase out 50 Provisions 1,457 51 Tier 2 Capital before regulatory adjustments Fier 2 Capital before regulatory adjustments Fier 2 Capital regulatory adjustments 52 Investments in own Tier 2 instruments 1,457 53 Reciprocal cross-holdings in Tier 2 instruments 1,457 54 consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 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 Not Applicable 56 National specific regulatory adjustments (sum of rows 56a, 56b and 56c) Not Applicable 56 Of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 56c of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable 57 Total regulatory adjustments to Tier 2 capital 58 Tier 2 | 11 h | of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not | Not Applicable |
| 42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions 43 Total regulatory adjustments to Additional Tier 1 capital 44 Additional Tier 1 capital (T1) 45 Tier 1 Capital (T1-CET1+AT1) Not Applicable 45 Tier 1 Capital (T1-CET1+AT1) Not Applicable 46 Directly issued qualifying Tier 2 instruments 47 Directly issued capital instruments subject to phase out from Tier 2 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) 48 Tier 2 Capital before regulatory adjustments on the provisions 50 Provisions Tier 2 Capital before regulatory adjustments Tier 2 Capital before regulatory adjustments 51 Tier 2 Capital before regulatory adjustments 52 Investments in own Tier 2 instruments 10 Investments in own Tier 2 instruments 11 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) 53 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 Not Applicable 54 Consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 55 Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory on solidation, net of eligible short positions Not Applicable 56 Not Applicable 56 Of which: holdings of capital instruments in group members by other group members on behalf of third parties 57 Of which: investments in the capital of financial institutions that are outside the scope of regulatory on solidation not reported in rows 54 and 55 58 Tier 2 capital (T2) Total regulatory adjustments to T | 410 | reported in rows 39 and 40 | пот Аррисавте |
| 43 Total regulatory adjustments to Additional Tier 1 capital 44 Additional Tier 1 capital (AT1) 45 Tier 1 Capital (T1=CET1+AT1) Not Applicable 47 Directly issued qualifying Tier 2 instruments 48 Directly issued capital instruments subject to phase out from Tier 2 48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third 49 parties (amount allowed in group T2) 49 of which: instruments issued by subsidiaries subject to phase out 50 Provisions 1,457 51 Tier 2 Capital before regulatory adjustments 52 Investments in own Tier 2 instruments 53 Reciprocal cross-holdings in Tier 2 instruments 54 Investments in own Tier 2 instruments 55 Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory 54 consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 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 56 National specific regulatory adjustments (sum of rows 56a, 56b and 56c) 57 Not Applicable 58 Tier 2 Capital (T2) 59 Total regulatory adjustments to Tier 2 capital 59 Total regulatory adjustments to Tier 2 capital 50 Total regulatory adjustments to Tier 2 capital 51 Total regulatory adjustments to Tier 2 capital 52 Total regulatory adjustments to Tier 2 capital 53 Tier 2 capital (T2) 54 Total regulatory adjustments to Tier 2 capital | 41c | of which: other national specific regulatory adjustments not reported in rows 41a and 41b | Not Applicable |
| 44 Additional Tier 1 capital (AT1) 45 Tier 1 Capital (T1=CT1+AT1) 16 Not Applicable 17 Tier 2 Capital: instruments and provisions 46 Directly issued qualifying Tier 2 instruments 47 Directly issued capital instruments subject to phase out from Tier 2 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) 49 of which: instruments issued by subsidiaries subject to phase out 50 Provisions 10,457 16 Tier 2 Capital before regulatory adjustments 11,457 17 Tier 2 Capital regulatory adjustments 17 Investments in own Tier 2 instruments 18 Reciprocal cross-holdings in Tier 2 instruments 19 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) 19 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 19 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 19 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 19 Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of of which: holdings of capital instruments in group members by other group members on behalf of third parties 19 Not Applicable 20 Significant investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 21 Otal regulatory adjustments to Tier 2 capital 22 Significable (TC=T1+T2) 23 Total regulatory adjustments to Tier 2 capital | 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | Not Applicable |
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| 46 Directly issued qualifying Tier 2 instruments 47 Directly issued capital instruments subject to phase out from Tier 2 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) 49 of which: instruments issued by subsidiaries subject to phase out 50 Provisions 51 Tier 2 Capital before regulatory adjustments 51 Tier 2 Capital before regulatory adjustments 52 Investments in own Tier 2 instruments 53 Reciprocal cross-holdings in Tier 2 instruments 54 consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 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, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 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 56 National specific regulatory adjustments (sum of rows 56a, 56b and 56c) 57 Of which: holdings of capital instruments in group members by other group members on behalf of third parties 58 Of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 58 Of which: other national specific regulatory adjustments not reported in rows 56a and 56b 59 Not Applicable 59 Total capital (TZ) 59 Total capital (TC=T1+TZ) 59 Total capital (TC=T1+TZ) 50 Not Applicable | | | Not Applicable |
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| parties (amount allowed in group T2) 49 of which: instruments issued by subsidiaries subject to phase out 50 Provisions 51 Tier 2 Capital before regulatory adjustments 52 Investments in own Tier 2 instruments 53 Reciprocal cross-holdings in Tier 2 instruments 54 consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 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 56 National specific regulatory adjustments (sum of rows 56a, 56b and 56c) 56a of which: holdings of capital instruments in group members by other group members on behalf of third parties 56b of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 56c of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 57 Total regulatory adjustments to Tier 2 capital 58 Tier 2 capital (T2) 59 Total capital (TC=T1+T2) 50 Not Applicable 50 Not Applicable 51 Not Applicable 52 Not Applicable 53 Tier 2 capital (TC=T1+T2) 54 Not Applicable 55 Total capital (TC=T1+T2) 56 Notal capital (TC=T1+T2) 57 Total capital (TC=T1+T2) 58 Notal capital (TC=T1+T2) 59 Total capital (TC=T1+T2) | 47 | | Not Applicable |
| parties (amount allowed in group T2) 49 of which: instruments issued by subsidiaries subject to phase out 50 Provisions 51 Tier 2 Capital before regulatory adjustments 52 Investments in own Tier 2 instruments 53 Reciprocal cross-holdings in Tier 2 instruments 54 Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory 54 consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 55 Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory regulatory consolidation, net of eligible short positions 56 National specific regulatory adjustments (sum of rows 56a, 56b and 56c) 56a of which: holdings of capital instruments in group members by other group members on behalf of third parties 56b of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 56c of which: other national specific regulatory adjustments not reported in rows 56a and 56b 57 Total regulatory adjustments to Tier 2 capital 58 Tier 2 capital (T2) 59 Total capital (TC=T1+T2) Not Applicable Not Applicable | 48 | | Not Applicable |
| 50Provisions1,45751Tier 2 Capital before regulatory adjustments1,457Tier 2 Capital: regulatory adjustments1,45752Investments in own Tier 2 instrumentsNot Applicable53Reciprocal cross-holdings in Tier 2 instrumentsNot Applicable54consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capitalNot Applicable54Consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capitalNot Applicable55Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positionsNot Applicable56National specific regulatory adjustments (sum of rows 56a, 56b and 56c)Not Applicable56aof which: holdings of capital instruments in group members by other group members on behalf of third partiesNot Applicable56bof which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55Not Applicable56cof which: other national specific regulatory adjustments not reported in rows 56a and 56bNot Applicable57Total regulatory adjustments to Tier 2 capitalNot Applicable58Tier 2 capital (TC=T1+T2)1,45759Total capital (TC=T1+T2)44,902 | | | |
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| Tier 2 Capital: regulatory adjustments 52 | | | 1,457 |
| Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) 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 National specific regulatory adjustments (sum of rows 56a, 56b and 56c) Not Applicable of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable Total regulatory adjustments to Tier 2 capital Tier 2 capital (TC) Total capital (TC=T1+T2) Not Applicable 1,457 Total capital (TC=T1+T2) | | | 1,457 |
| Reciprocal cross-holdings in Tier 2 instruments 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) 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 Not Applicable Solutional specific regulatory adjustments (sum of rows 56a, 56b and 56c) Not Applicable of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable Total regulatory adjustments to Tier 2 capital Not Applicable Tier 2 capital (TC) 1,457 Total capital (TC=T1+T2) | | | |
| 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) 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 Not Applicable of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable of Total regulatory adjustments to Tier 2 capital Tier 2 capital (TC) 1,457 Total capital (TC=T1+T2) | | | |
| consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) 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 Not Applicable of Which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Total regulatory adjustments to Tier 2 capital Tier 2 capital (TC) Total capital (TC=T1+T2) Not Applicable 1,457 Total capital (TC=T1+T2) | 53 | • | Not Applicable |
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| regulatory consolidation, net of eligible short positions National specific regulatory adjustments (sum of rows 56a, 56b and 56c) Not Applicable of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable of which: other national specific regulatory adjustments not reported in rows 56a and 56b Total regulatory adjustments to Tier 2 capital Tier 2 capital (T2) 1,457 Total capital (TC=T1+T2) | | • | |
| regulatory consolidation, net of eligible short positions National specific regulatory adjustments (sum of rows 56a, 56b and 56c) Not Applicable of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable of which: other national specific regulatory adjustments not reported in rows 56a and 56b Total regulatory adjustments to Tier 2 capital Tier 2 capital (T2) 1,457 Total capital (TC=T1+T2) | 55 | | Not Applicable |
| of which: holdings of capital instruments in group members by other group members on behalf of third parties of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable Total regulatory adjustments to Tier 2 capital Tier 2 capital (TC) Total capital (TC=T1+T2) 44,902 | | | |
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| reported in rows 54 and 55 56c of which: other national specific regulatory adjustments not reported in rows 56a and 56b Not Applicable 57 Total regulatory adjustments to Tier 2 capital Not Applicable 58 Tier 2 capital (T2) 1,457 59 Total capital (TC=T1+T2) 44,902 | 56b | | Not Applicable |
| 57Total regulatory adjustments to Tier 2 capitalNot Applicable58Tier 2 capital (T2)1,45759Total capital (TC=T1+T2)44,902 | | · | |
| 58 Tier 2 capital (T2) 1,457 59 Total capital (TC=T1+T2) 44,902 | | | Not Applicable |
| 59 Total capital (TC=T1+T2) 44,902 | | | Not Applicable |
| | | • • • • | 1,457 |
| 60 Total risk-weighted assets based on APRA standards 281,283 | | | 44,902 |
| | 60 | Total risk-weighted assets based on APRA standards | 281,283 |

For the quarter ended 30 June 2020

| Capital ra | tios and buffers | |
|------------|---|------------------|
| 61 | Common Equity Tier 1 (as a percentage of risk-weighted assets) | 15.45% |
| 62 | Tier 1 (as a percentage of risk-weighted assets) | 15.45% |
| 63 | Total capital (as a percentage of risk-weighted assets) | 15.96% |
| 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) | 7.00% |
| 65 | of which: capital conservation buffer requirement | 2.50% |
| 66 | of which: ADI-specific countercyclical buffer requirements | Not Applicable |
| 67 | of which: G-SIB buffer requirement (not applicable) | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets) | 7.96% |
| 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 l | pelow thresholds for deductions (not risk-weighted) | |
| 72 | Non-significant investments in the capital of other financial entities | Not Applicable |
| 73 | Significant investments in the ordinary shares of financial entities | Not Applicable |
| 74 | Mortgage servicing rights (net of related tax liability) | Not Applicable |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | Not Applicable |
| Applicabl | e 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) | 1,457 |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | 3,055 |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | Not Applicable |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | Not Applicable |
| | struments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022) | 11017.pp.1100010 |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | Not Applicable |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities | Not Applicable |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | Not Applicable |
| 83 | Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities) | Not Applicable |
| 84 | Current cap on T2 instruments subject to phase out arrangements | Not Applicable |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | Not Applicable |

For the quarter ended 30 June 2020

| Capital Adequacy | 30th Jun 2020 | 31st Mar 2020 |
|---|----------------------|-------------------------|
| Capital requirements - Credit Risk | Risk Weighted Assets | Risk Weighted Assets |
| | \$'000 | \$'000 |
| Claims secured by residential mortgages | 164,409 | 170,856 |
| - Other retail loans | 14,083 | 14,040 |
| - Claims on ADI's & Banks | 52,564 | 37,578 |
| - Corporate claims | - | - |
| - Other claims | 8,192 | 8,462 |
| - Other non-market off balance sheet exposures | 5,172 | 5,149 |
| Capital requirements - Credit Risk | 244,420 | 236,085 |
| Capital requirements - Market Risk | - | |
| Capital requirements - Operational Risk | 36,732 | 36,732 |
| TOTAL Risk Weighted Assets | 281,152 | 272,817 |
| Common Equity Tier 1 Ratio | 15.45% | 15.38% |
| Tier 1 Capital Ratio | 15.45% | 15.38% |
| Total Capital Ratio | 15.96% | 15.94% |
| | | |

| General Reserve for Credit Losses | | | | | | |
|-----------------------------------|--------|--|--|--|--|--|
| | \$'000 | | | | | |
| as at 30th June 2020 | 1,457 | | | | | |
| as at 31st March 2020 | 1,540 | | | | | |

| 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 | Pa | st 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 |

| Credit Risk as at 31st March 2020 | Total Gross Exposure | Average Gross Exposure (Qtr) | | |
|--|----------------------|---------------------------------|--|--|
| | \$'000 | \$'000 | | |
| – Cash items | 490 | 516 | | |
| – ADI's & Banks | 118,437 | 121,216 | | |
| – Loans: Residential secured | 475,971 | 473,743 | | |
| - Loans: Other | 14,932 | 15,555 | | |
| – Loans: Total | 490,903 | 489,297 | | |
| – Other | 8,462 | 7,454 | | |
| Other non-market off balance sheet exposures | 92,949 | 93,436 | | |
| Total exposures | 711,241 | 711,918 | | |

| Credit Risk as at 31st March 2020 | Impaired | Pa | st 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 | | 99 | 892 | ! | | | | |
| Loans: Investment secured | | | - | | | | | |
| - Loans: Other | | 21 | 44 | 56 | 9 | 26 | 56 | 26 |
| - Loans: Total | | 120 | 936 | 5 56 | 9 | 26 | 56 | 26 |
| – Other | · | | | | | | | |
| - Other non-market off balance sheet exposures | | | | | | | | |
| Total exposures | · · · · · · · · · · · · · · · · · · · | 120 | 936 | 5 56 | 9 | 26 | 56 | 26 |

For the quarter ended 30 June 2020

CAPITAL RECONCILIATION

As the scope for capital for regulatory purposes and accounting purposes is often different, locally incorporated ADIs are required to prepare a reconciliation between the two basis of preparation. The below reconciliation contains the regulatory and accounting capital for Illawarra Credit Union Ltd, 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.

| Regulatory Capital Reconciliation as at 30th June 2020 | | | | | |
|---|---------|--------------------------------|--|--|--|
| Accounting Scope of Consolidation (as per the financial statements) | \$'000 | Capital Structure Reference | | | |
| Total Assets | 651,883 | | | | |
| Total Liabilities | 605,932 | | | | |
| Net Assets | 45,951 | | | | |
| Equity | | | | | |
| General reserve for credit losses | 1,317 | 50 | | | |
| Redeemed share capital reserves | 254 | | | | |
| Asset revaluation reserve | 2,233 | 3 | | | |
| Total Reserves | 3,804 | | | | |
| Retained Earnings | 42,147 | 2 | | | |
| Total Equity | 45,951 | | | | |
| | | | | | |
| Adjustments/Additions under the regulatory scope of consolidation | \$'000 | | | | |
| Redeemed share capital reserves | (254) | | | | |
| Other intangibles (IT software costs) | (929) | 9 | | | |
| Net deferred tax assets | 0 | 10 | | | |
| Equity investments in other financial institutions | 0 | 18 | | | |
| Capitalised Expenses - investment premiums | (118) | 26f | | | |
| Capitalised Expenses - loan aggregator expenses | (18) | 26f | | | |
| Capitalised Expenses - Securitisation Start-up costs | 0 | 26f | | | |
| Deferred loan fee income | 130 | 26c | | | |
| Collective provision for credit losses | 140 | 50 | | | |
| Total adjustments/additions under the regulatory scope of consolidation | (1,049) | | | | |
| Regulatory capital | 44,902 | | | | |