

# INTECH CREDIT UNION LIMITED

ABN: 70 087 650 191 AFSL: 236779

## APS 330 - Basic public disclosure requirements for all locally incorporated ADIs

### Capital in the Credit Union is made up as follows:

30-Sep 2011 Unaudited \$'000	
<b>Tier 1 Capital</b>	
General reserve	1,017
Retained earnings	17,489
Innovative share capital	-
	18,506
<b>Less prescribed deductions from tier 1 Capital</b>	
Equity in other ADI's (50%)	233
Equity of in other entities	-
Excess Provision for Tier 2 Capital	0
Intangible assets	132
Deferred tax assets	243
Total Deductions	608
<b>Net Tier 1 Capital</b>	<b>17,898</b>
<b>Tier 2 Capital</b>	
Reserve for credit losses	400
	400
<b>Less prescribed deductions from Tier 2 Capital</b>	
Equity in other ADI's (50%)	233
Total Deductions	233
<b>Net Tier 2 capital</b>	<b>167</b>
<b>Total Capital (Tier 1 + Tier 2)</b>	<b>18,065</b>
<b>Tier 1 Capital Ratio</b>	<b>22.84%</b>
<b>Total Capital Ratio</b>	<b>23.05%</b>

### Risk Weighted Assets

The total of risk weighted assets comprises

1. Credit risk weighted for on balance sheet assets
2. Credit risk weighted assets for commitments to issue funds for loans and other guarantees
3. Operational risk charge as described in APS 114.

These components are described below :

	Balance Sheet value	Commitments (at prescribed credit equivalent)	Total risk weighted assets	Risk weight applied	Risk Weighted Value
	30-Sep-11 \$'000	30-Sep-11 \$'000	30-Sep-11 \$'000		30-Sep-11 \$'000
Cash	569	-	569	0%	-
Funds on Deposit in highly rated ADI's	26,052	-	26,052	20%	5,210
Funds on Deposit in less highly rated ADI's	6,166	-	6,166	50%	3,083
Loans secured against eligible residential mortgages up to 80% LVR	113,574	-	113,574	35%	39,751
Loans secured against eligible residential mortgages over 80% LVR	11,758	-	11,758	50% - 75%	6,295
Other loans	12,564	-	12,564	100%	12,564
Investments in equity instruments	-	-	-	150%	-
Fixed assets	789	-	789	100%	789
Other assets	576	-	576	100%	576
<b>Total Credit Risk Assets</b>	<b>172,046</b>	<b>-</b>	<b>172,046</b>		<b>68,267</b>
Off balance Sheet credit exposures	-	-	-		392
Operational risk assets	-	-	-		9,705
<b>Total Risk Weighted Assets</b>	<b>172,046</b>	<b>-</b>	<b>172,046</b>		<b>78,364</b>

30-Sep-11 \$'000			
Investments with Banks and other ADI's	Carrying value on balance sheet	Past due value / Impaired	Provision
Cuscal – rated AA-	4,086	-	-
Banks – rated AA and above	10,039	-	-
Banks – rated below AA	18,093	-	-
Unrated institutions – Credit Unions	0	-	-
<b>Total</b>	<b>32,218</b>	<b>-</b>	<b>-</b>

The level of capital ratio can be affected by growth in asset relative to growth in reserves and by changes in the mix of assets.

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### IMPAIRMENT OF ASSETS

#### (i) CREDIT RISK – INVESTMENTS

Surplus cash not invested in loans to members are held in high quality liquid assets. This included the funds required to be held to meet withdrawal of deposits by members of the credit union.

#### External Credit Assessment for Investments

The credit union uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential Guidance APG112. The credit quality assessment scale within this standard has been complied with.

The exposure values associated with each credit quality step are as follows:

Loans to	30-Sep-11		
	Carrying value on balance sheet	Commitments	Max exposure
	\$'000	\$'000	\$'000
Mortgage Secured	125,332	11,935	137,267
Personal	10,270	0	10,270
Overdrafts & Credit Cards	2,346	24,757	27,103
<b>Total to natural persons</b>	<b>137,948</b>	<b>36,691</b>	<b>174,639</b>
Corporate Borrowers	-	-	-
Government	-	-	-
<b>Total</b>	<b>137,948</b>	<b>36,691</b>	<b>174,639</b>

#### (ii) CREDIT RISK – LOANS

The classes of loans entered into by the credit union is limited to loans; commitments and other non-market off-balance sheet exposures. The credit union does not enter into debt securities; and over-the-counter derivatives.

The analysis of the credit union's loans by class, is as follows:

	30-Sep-11 \$'000
<b>a. Outstanding loan commitments</b>	
The loans approved but not funded	784
<b>b. Loan redraw facilities</b>	
The loan redraw facilities available	11,151
<b>c. Undrawn loan facilities</b>	
Loan facilities available to members for overdrafts and line of credit loans are as follows:	
Total value of facilities approved	40,626
Less: Amount advanced	15,870
<b>Net Undrawn Value</b>	<b>24,757</b>
These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.	
<b>Total Financial Commitments</b>	<b>36,691</b>

#### Impairment details

The level of impaired loans by class of loan is set out below. In the Note below -

- Carrying Value is the amount of the balance sheet gross of provision (net of deferred fees)
- Impaired loans value is the 'on balance sheet' loan balances which are behind in repayments past due by 30 days or more
- Provision for impairment is the amount of the impairment provision allocated to the class of impaired loans
- The losses in the period equate to the additional provisions set aside for impaired loans, and bad debts written off in excess of previous provision allowances.

	30-Sep-11			
	Carrying value on balance sheet	Value of Loans that are past due or Impaired	Provision for impairment	Losses in the period
	\$'000	\$'000	\$'000	\$'000
Mortgage Secured	\$ 125,332	\$ 770	\$ -	\$ -
Personal	\$ 10,270	\$ 126	\$ 25	\$ 7
Overdrafts & Credit Cards	\$ 2,346	\$ 410	\$ 29	\$ -
<b>Total to natural persons</b>	<b>\$ 137,948</b>	<b>\$ 1,305</b>	<b>\$ 53</b>	<b>\$ 7</b>
Corporate Borrowers	\$ -	\$ -	\$ -	\$ -
Government	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 137,948</b>	<b>\$ 1,305</b>	<b>\$ 53</b>	<b>\$ 7</b>

The impaired loans are generally not secured against residential property. Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value all collateral as at the balance date due to the variety of assets and condition.

#### Reserve for credit losses

In addition to the above provision for impairment, the board has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties in the future. The reserve is based on estimation of potential risk in the loan portfolio based upon the level of security taken as collateral.

The reserve has been determined on the basis of the past experience with the loan delinquency and amounts written off. The amounts of the reserve is currently \$400,000.

The value of the reserve is amended to reflect the changes in economic conditions, and the relevant concentrations in specific regions and industries of employment within the loan book.