



Capital Disclosures

Under APS330 Capital Adequacy: Public Disclosure of Prudential Information, the following information is required to be disclosed on the Credit Union's website. In making the following disclosures, the post 1 January 2018 common disclosure template is being used because SCCU is fully applying the Basel III regulatory adjustments as implemented by APRA.

As a financial institution, Southern Cross Credit Union must hold sufficient capital to support all material risks it is exposed to. In addition, it has capital plans in place to manage its position into the future.

As At 30 June

2018 \$A

(\$,000)

Common Disclosure Template

Common Equity Tier 1 capital: instruments and reserves

| | |
|--|----------------|
| 1 Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital | Not applicable |
| 2 Retained earnings | 49,377 |
| 3 Accumulated other comprehensive income (and other reserves) | 636 |
| 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 |
| 6 Common Equity Tier 1 capital before regulatory adjustments | 50,012 |

Common Equity Tier 1 capital: regulatory adjustments

| | |
|---|----------------|
| 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) | Not applicable |
| 10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | Not applicable |
| 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 |
| 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) | Not applicable |
| 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 | 0 |
| 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) | (1,540) |
| 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 | Not applicable |
| 26d of which: equity investments in financial institutions not reported in rows 18, 19 and 23 | (577) |
| 26e of which: deferred tax assets not reported in rows 10, 21 and 25 | (459) |
| 26f of which: capitalised expenses | (505) |
| 26g of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements | Not applicable |
| 26h of which: covered bonds in excess of asset cover in pools | Not applicable |
| 26i of which: undercapitalisation of a non-consolidated subsidiary | Not applicable |
| 26j of which: other national specific regulatory adjustments not reported in rows 26a to 26i | Not applicable |
| 27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | Not applicable |
| 28 Total regulatory adjustments to Common Equity Tier 1 | (1,540) |
| 29 Common Equity Tier 1 Capital (CET1) | 48,472 |



Additional Tier 1 Capital: instruments

| | |
|--|----------------|
| 30 Directly issued qualifying Additional Tier 1 instruments | Not applicable |
| 31 of which: classified as equity under applicable accounting standards | Not applicable |
| 32 of which: classified as liabilities under applicable accounting standards | Not applicable |
| 33 Directly issued capital instruments subject to phase out from Additional Tier 1 | Not applicable |
| 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) | Not applicable |
| 35 of which: instruments issued by subsidiaries subject to phase out | Not applicable |
| 36 Additional Tier 1 Capital before regulatory adjustments | - |

Additional Tier 1 Capital: regulatory adjustments

| | |
|---|----------------|
| 37 Investments in own Additional Tier 1 instruments | Not applicable |
| 38 Reciprocal cross-holdings in Additional Tier 1 instruments | Not applicable |
| 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) | Not applicable |
| 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) | Not applicable |
| 41 National specific regulatory adjustments (sum of rows 41a, 41b and 41c) | - |
| 41a of which: holdings of capital instruments in group members by other group members on behalf of third parties | Not applicable |
| 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 | Not applicable |
| 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) | - |
| 45 Tier 1 Capital (T1=CET1+AT1) | 48,472 |

As At 30 June

2018 \$A
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Tier 2 Capital: instruments and provisions

| | |
|---|----------------|
| 46 Directly issued qualifying Tier 2 instruments | Not applicable |
| 47 Directly issued capital instruments subject to phase out from Tier 2 | Not applicable |
| 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) | Not applicable |
| 49 of which: instruments issued by subsidiaries subject to phase out | Not applicable |
| 50 Provisions | 2,740 |
| 51 Tier 2 Capital before regulatory adjustments | 2,740 |

Tier 2 Capital: regulatory adjustments

| | |
|--|----------------|
| 52 Investments in own Tier 2 instruments | Not applicable |
| 53 Reciprocal cross-holdings in Tier 2 instruments | Not applicable |
| 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) | Not applicable |
| 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 |
| 56a of which: holdings of capital instruments in group members by other group members on behalf of third parties | Not applicable |
| 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 | Not applicable |
| 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 capital (T2) | 2,740 |
| 59 Total capital (TC=T1+T2) | 51,212 |
| 60 Total risk-weighted assets based on APRA standards | 266,052 |



Capital ratios and buffers

| | |
|--|--------|
| 61 Common Equity Tier 1 (as a percentage of risk-weighted assets) | 18.22% |
| 62 Tier 1 (as a percentage of risk-weighted assets) | 18.22% |
| 63 Total capital (as a percentage of risk-weighted assets) | 19.25% |
| 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 | 0 |
| 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) | 6.22% |

National minima (if different from Basel III)

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|--|--|
| 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 | 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 |

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) | 2,740 |
| 77 Cap on inclusion of provisions in Tier 2 under standardised approach | 2,957 |
| 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 |