

Central West Credit Union Ltd

APS330 Prudential Disclosures 30th June 2021

Central West Credit Union Ltd is using the post 1 January 2018 common disclosure template because it is fully applying the Basel III regulatory adjustments as implemented by APRA.

Common Equity Tier 1 capital: instruments and reserves A\$		A\$
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	-
2	Retained earnings	- 19,678,369
3	Accumulated other comprehensive income (and other reserves)	- 960,206
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	Common Equity Tier 1 capital before regulatory adjustments	- 20,638,575
Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	247,692
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	52,728
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined benefit superannuation fund net assets	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
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)	-
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)	-
20	Mortgage service rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the ordinary shares of financial entities	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	-
26a	of which: treasury shares	-
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	-

26c	of which: deferred fee income	-
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	491,470
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	-
26f	of which: capitalised expenses	-
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	13,214
26h	of which: covered bonds in excess of asset cover in pools	-
26i	of which: undercapitalisation of a non-consolidated subsidiary	-
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common Equity Tier 1	805,104
29	Common Equity Tier 1 Capital (CET1)	- 19,833,471
Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
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)	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 Capital before regulatory adjustments	-
Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
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)	-
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)	-
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	-
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	-
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-
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 (AT1)	-
45	Tier 1 Capital (T1=CET1+AT1)	- 19,833,471

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	- 430,112
51	Tier 2 Capital before regulatory adjustments	- 430,112
Tier 2 Capital: 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 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: 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)	- 430,112
59	Total capital (TC=T1+T2)	- 20,263,583
60	Total risk-weighted assets based on APRA standards	102,278,313
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	19.391668%
62	Tier 1 (as a percentage of risk-weighted assets)	19.391668%
63	Total capital (as a percentage of risk-weighted assets)	19.812199%
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	-
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)	13.514254%
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	-
73	Significant investments in the ordinary shares of financial entities	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
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)	- 430,112
77	Cap on inclusion of provisions in Tier 2 under standardised approach	- 1,278,479
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Table 1	2021	
		\$'000	\$'000
ASSETS			
Cash and liquid assets			11,978
Accrued Receivables			377
Prepayments			156
Loans and advances to members			135,772
Investment Securities			64,105
Property, plant and equipment			1,185
Right-of-use assets			144
Taxation assets			115
Intangibles			279
			214,111
TOTAL ASSETS			
LIABILITIES			
Deposits from members			190,655
Creditor accruals and settlement accounts			1,487
Provisions			451
Lease Liabilities			114
Taxation liabilities			159
			192,866
TOTAL LIABILITIES			
NET ASSETS			
			21,245
MEMBERS' EQUITY			
Redeemed Capital Account	3		175
Reserve for Credit Losses	50 & 76		430
FOCI Reserve			176
Profit After Income Tax	3		786
Retained Earnings 30th June 2020	2		19,678
Retained profits			20,464
TOTAL MEMBERS' EQUITY			
			21,245

Capital instruments		
1	Issuer	N/A
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
	Governing law(s) of the instrument	N/A
3	<i>Regulatory treatment</i>	N/A
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group & solo	N/A
7	Instrument type (ordinary shares/preference shares/subordinated notes/other)	N/A
8	Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	N/A
9	Par value of instrument	N/A
10	Accounting classification	N/A
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons/dividends</i>	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Capital Adequacy		Gross Balance	Risk Weighted Value	Capital Requirement (8%)
(a)	Capital requirements (in terms of risk-weighted assets) for:	(\$,000)	(\$,000)	(\$,000)
	• credit risk (excluding securitisation) by portfolio; and			
	Cash	1,066	-	-
	Funds on Deposit with other ADI's	74,619	19,814	1,585
	Mortgage Secured Loans (With Lenders Mortgage Insurance)	14,908	6,672	534
	Mortgage Secured Loans (Without Lenders Mortgage Insurance)	97,914	37,611	3,009
	Past Due Claims	-	-	-
	Other Loans	22,547	22,547	1,804
	Fixed Assets	1,186	1,186	95
	Other Assets	1,412	1,412	113
	Margin Lending Against Unlisted Instruments	408	-	-
	Off Balance Sheet	24,452	1,378	110
	• securitisation.	-	-	-
(b)	Capital requirements (in terms of risk-weighted assets) for equity exposures in the IRB approach (simple risk-weighted method).	N/A	N/A	N/A
(c)	Capital requirements (in terms of risk-weighted assets) for market risk.	-	-	-
(d)	Capital requirements (in terms of risk-weighted assets) for operational risk.	-	11,659	933
(e)	Capital requirements (in terms of risk-weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA approved Australian-owned ADIs only).	N/A	N/A	N/A
(f)	Common Equity Tier 1, Tier 1 and Total Capital ratio for the consolidated banking group.	CET1	T1	TC
		19.3917%	19.3917%	19.8122%

Credit Risk							
(a)	Total gross credit risk exposures, plus average gross exposure over the period, broken down by:		Balance Sheet Value		Off Balance Sheet Commitments	Average Balance Sheet (30/6/20-30/6/21)	
			(\$,000)		(\$,000)	(\$,000)	
	• major types of credit exposure; and,		Loans	135,777	18,043	129,486	
	• separately, by portfolio		Household Mortgage Secured Loans	119,133	2,619	113,399	
			Household Other Loans	8,586	-	8,538	
			Commercial Term Loans	6,847	-	6,335	
			Overdrafts	1,211	3,348	1,214	
			Loan Redraw Facilities	-	12,076	-	
Total			135,777	18,043	129,486		
(b)	By portfolio: Impaired, Past Due & Provisions		Total Portfolio Balance	Impaired Facilities	Past Due Facilities	Specific Provisions	Specific Provisions & Write Offs For Previous Quarter
			(\$,000)	(\$,000)	(\$,000)	(\$,000)	(\$,000)
	portfolio	Household Mortgage Secured Loans	119,133	-	-	-	-
		Household Other Loans + Overdrafts	9,797	-	13	4	13
		Commercial Term Loans	6,847	-	-	-	-
Total		135,777	-	13	4	13	
(c)	The general reserve for credit losses.			As At 30 June 21 (\$,000)		430	

Securitisation Exposures		
(a)	Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type.	N/A
(b)	Aggregate amount of:	
	• on-balance sheet securitisation exposures retained or purchased broken down by exposure type; and	N/A
	• off-balance sheet securitisation exposures broken down by exposure type.	N/A

Remuneration

- (a) The Remuneration Committee consists of 3 directors (G.M. Dean, C.L. Berry and R.F. Staples) who are responsible for assessing any movements in remuneration levels and making recommendations to the Board on Board remuneration levels, for subsequent consideration by members. The Board has currently chosen to utilise the latest available “Non-Bank Financial Institutions – Remuneration Surveys” provided by McGuirk Management Consultants Pty Ltd as a basis for determining proposed Director and management remuneration levels. The Board however, retains the discretion to engage alternate and/or additional resources or consultants to research any potential market relativity movements. There are five managers included as per the prudential standard including General Manager (1), Cheif Risk Officer (1), Assistant General Manager (1), Finance Manager (1) and Loans Manager (1). There are no material risk takers.
- (b) Objectives of the remuneration policy include ensuring that the Credit Union’s remuneration arrangements align with its circumstances and advance the Credit Union’s mission of serving its members, compliance with the Prudential Standard in relation to its remuneration arrangements and, in particular, that performance based components of remuneration and promote a responsible remuneration culture that enables the Credit Union to engage and retain suitable staff, while also encouraging positive performance and contributions from all employees. The remuneration Policy was reviewed with no material changes being made. The Credit Union recognises the special position of its risk and financial control personnel in carrying out their functions; particularly, in implementing and monitoring the Credit Unions risk management system. In addition to the other requirements of this policy, the remuneration of risk and financial control personnel must not compromise the independence of these personnel in carrying out their functions.
- (c) Risk mitigation
The Credit Union’s policy is to mitigate the risk that the remuneration of employees may conflict with the objectives of this policy by:
- limiting the performance component of Senior Management’s (General Manager & Assistant General Manager, both being employed via contract) remuneration to a maximum of 5% of their total remuneration cost (TRC) and all other individuals to 5% of their gross annual salary amount;
 - making the payment of any performance based component of remuneration entirely discretionary by the Credit Union;
 - not considering the payment of any discretionary remuneration until the end of the relevant financial year statements have been audited and accepted by the board;
 - reviewing all employment contracts against the objectives of this policy with a view to renegotiating them when next due to be renewed or extended.
- (d) Performance measures used during the measurement period include but not limited to Customer Satisfaction, Return on assets, Growth (Assets, Loans & Deposits), Delinquency, Liquidity, Capital Adequacy, and Profitability. Payment of any performance based component of remuneration is entirely discretionary by the Credit Union for institution-wide targets and individual performance separately and are only payable if targets have been achieved.
- (e) There is no deferral or vesting of variable remuneration
- (f) Cash based bonuses are the only form of variable remuneration that the credit union pays to a maximum of 5% of gross package, consistent across all employees.

Remuneration			
(g)	<ul style="list-style-type: none"> Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members. 	3 meetings. Remuneration committee directors receive \$1,233.29 additional remuneration compared to directors who are not on remuneration committee	
(h)	<ul style="list-style-type: none"> The number of persons having received a variable remuneration award during the financial year. 	4	
	<ul style="list-style-type: none"> Number and total amount of guaranteed bonuses awarded during the financial year. 	Nil	
	<ul style="list-style-type: none"> Number and total amount of sign-on awards made during the financial year. 	Nil	
	<ul style="list-style-type: none"> Number and total amount of termination payments made during the financial year. 	Nil	
(i)	<ul style="list-style-type: none"> Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. 	Nil	
	<ul style="list-style-type: none"> Total amount of deferred remuneration paid out in the financial year. 	Nil	
(j)	<ul style="list-style-type: none"> Breakdown of the amount of remuneration awards for the financial year in accordance with Table 18A below: 		(\$,000)
	– fixed and variable;	Fixed	603
		Variable	13
	– deferred and non-deferred; and	Deferred	Nil
		Non-Deferred	616
	– the different forms used (cash, shares and share-linked instruments and other forms).	Cash	585
Motor Vehicle		31	
(k)	Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:		
	<ul style="list-style-type: none"> Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. 		Nil
	<ul style="list-style-type: none"> Total amount of reductions during the financial year due to ex post explicit adjustments. 		Nil
	<ul style="list-style-type: none"> Total amount of reductions during the financial year due to ex post implicit adjustments. 		Nil
Total value of remuneration awards for the current financial year		Unrestricted	Deferred
		(\$,000)	(\$,000)
Fixed remuneration			
	<ul style="list-style-type: none"> Cash-based 	572	N/A
	<ul style="list-style-type: none"> Shares and share-linked instruments 	-	N/A
	<ul style="list-style-type: none"> Other 	31	N/A
Variable remuneration			
	<ul style="list-style-type: none"> Cash-based 	13	N/A
	<ul style="list-style-type: none"> Shares and share-linked instruments 	N/A	N/A
	<ul style="list-style-type: none"> Other 	N/A	N/A