

# SGE CREDIT UNION Prudential Disclosure Document

ABN 72 087 650 637

As at 31 March 2010



## Introduction

In accordance with Australian Prudential Standard APS 330, locally incorporated ADI's using the standardised approach under the Basel II regulatory regime such as SGE Credit Union are required to disclose information about their Capital and Credit Risk exposure.

## Capital Management

The Credit Union maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Credit Union's capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulation Authority.

The primary objectives of the Credit Union's capital management are to ensure that the Credit Union complies with externally imposed capital requirements and that the Credit Union maintains healthy capital ratios in order to support its activities. For capital adequacy purposes, authorised deposit-taking institutions must hold a minimum amount of Tier 1 capital and capital base on both an individual authorised deposit-taking institution (Level 1) basis and consolidated banking group (Level 2) basis. In addition, they may include an amount of Tier 2 capital as part of their required capital holdings, up to the limits specified in this Prudential Standard. Tier 1 capital comprises the highest quality components of capital for the purpose of providing a permanent and unrestricted commitment of funds that are freely available to absorb any losses. For SGE Tier 1 capital comprises general reserves, non redeemable preference shares, retained profits and current year earnings. Tier 2 capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital. Tier 2 capital includes general reserve for credit losses and subordinated debt. Certain capital deductions are made from Tier 1 and Tier 2 capital in accordance with the APRA Prudential Standard APS 111 'Capital Adequacy: Measurement of Capital'.

### Table 15 - Capital Structure

Annual Disclosure as at 30 June 2009

	June 2008	June 2009
	\$'000	\$'000
<b>Tier 1 capital</b>		
Reserves (excluding credit loss reserve)	6,458	6,458
Retained earnings (including current year)	53,129	53,735
Minority interests arising from consolidation of Tier 1 capital of subsidiaries	54	62
Innovative instruments	1,964	1,970
Deduction – investments	(891)	(733)
Deduction – other	(1,656)	(2,254)
<b>Tier 1 capital net of deductions</b>	<b>59,058</b>	<b>59,238</b>
Tier 2 capital	4,930	4,986
Deductions from Tier 2 capital	(973)	(964)
<b>Tier 2 capital net of deductions</b>	<b>3,957</b>	<b>4,022</b>
<b>Total capital base</b>	<b>63,015</b>	<b>63,260</b>

### Table 16 - Capital Adequacy

Quarterly Disclosure from 01 January 2010 to 31 March 2010

Capital requirements (in terms of risk-weighted assets by portfolio) for:

Credit Risk	Risk Weighted Assets	Charge
Residential mortgages	\$418,377,750	\$165,397,556
Other retail loans	\$60,143,623	\$48,892,667
Corporate loans	\$313,226	\$156,613
Funds deposited with ADI's	\$88,057,209	\$18,209,253
Government	-	-
Securitisation	-	-
Fixed Assets	\$12,671,584	\$12,671,584
Other Assets	\$23,207,501	\$5,872,707
<b>Total Credit Risk</b>	<b>\$602,770,893</b>	<b>\$251,200,380</b>
Market Risk	-	-
Operational Risk	-	<b>\$29,527,760</b>
<b>Total capital ratio for the Credit Union</b>	<b>22.79%</b>	
<b>Tier 1 capital ratio for the Credit Union</b>	<b>21.38%</b>	

## Table 17 - Credit Risk

Quarterly Disclosure from 01 January 2010 to 31 March 2010

Credit Risk	Gross Amount	Average Amount	Value of loans that are Impaired / Past Due	Loan Loss Provisioning	Bad Debts Written-off
Residential mortgages	\$418,377,750	\$407,669,058	\$4,232,011	\$25,690	\$ -
Other retail	\$60,143,623	\$61,739,344	\$1,378,429	\$742,732	\$65,045
<b>Total Loans</b>	<b>\$478,521,373</b>	<b>\$469,408,402</b>	<b>\$5,610,440</b>	<b>\$768,422</b>	<b>\$65,045</b>
Corporate loans	\$313,226	\$304,273	\$ -	\$ -	\$ -
Funds deposited with ADI's	\$88,057,209	\$87,362,743	\$ -	\$ -	\$ -
Government	\$ -	\$ -	\$ -	\$ -	\$ -
Commitments	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-market off-balance sheet exposures	\$17,334,794	\$17,101,373	\$ -	\$ -	\$ -
Debt securities	\$ -	\$ -	\$ -	\$ -	\$ -
Over-the-counter derivatives	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets	\$12,671,584	\$12,647,579	\$ -	\$ -	\$ -
Other Assets	\$5,872,707	\$6,186,252	\$ -	\$ -	\$ -
<b>Total Exposures</b>	<b>\$602,770,893</b>	<b>\$593,010,622</b>	<b>\$5,610,440</b>	<b>\$768,422</b>	<b>\$65,045</b>

General reserve for credit losses \$1,093,976