

**Orange Credit Union Limited (ABN 34 087 650 477)**  
**APS 330 Prudential Disclosures**

**CAPITAL ADEQUACY DISCLOSURES AS AT 31 MARCH 2020**

The capital requirements for Orange Credit Union are determined by the risk weights of the relevant assets held with the minimum required capital to over 8% of the risk weighted assets.

Orange Credit Union maintains a capital policy minimum level of 14.25% and its current budgeted target level of 24%.

The current level of capital as at 31 March 2020 is 23.80%.

**Table A Risk Weighted Assets by Asset Class**

	<b>31-Mar-20</b>	
	Carrying Value	Risk Weighted Value
<b>(a) Credit Risk On Balance Sheet</b>		
Loans Secured by Mortgage	134,513,888	50,616,919
Loans - Other Retail	11,133,651	11,987,916
Loans - Corporate	1,649,819	575,061
Liquid Investments	69,399,163	20,879,123
All Other Assets	981,141	1,010,102
<b>Total credit risk on Balance Sheet</b>	<b>217,677,663</b>	<b>85,069,121</b>
Total credit risk off balance sheet (commitments)		
Undrawn financial commitments (overdrafts, credit cards, line of credit, Loans approved not advanced, guarantees)	10,347,244	-
Capital requirements for securitisation	-	-
<b>Total Credit Risk</b>	<b>228,024,907</b>	<b>85,069,121</b>
(b) Capital requirements for market risk.		-
(c) Capital requirements for operational risk.		12,223,170
<b>Total Risk Weighted assets (Sum above components )</b>		<b>97,292,291</b>

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**CAPITAL HELD BY ORANGE CREDIT UNION**

The capital held by Orange Credit Union exceeds the policy and minimum capital prescribed by the APRA Prudential standards. This excess facilitates future growth within Orange Credit Union.

Table B shows capital held by the Credit Union against capital requirements.

**Table B Capital Requirements AS AT 31 MARCH 2020**

	Capital Required
Capital requirements for credit risk assets (8% RWA)	7,235,427
Capital requirements for securitization credit risk (8% RWA)	-
Capital requirements for market risk	-
Capital requirements for operations risk (8% RWA)	993,569
Total Capital required (at 8% of Risk weighted assets)	8,228,995
Capital held by the credit union	24,447,488
Common Equity Tier I - % held by the credit union	22.53%
Total Tier I - % held by the credit union	22.53%
Total Capital Ratio - % held by the credit union	23.63%

**CREDIT RISK DISCLOSURES AS AT 31 MARCH 2020**

**(i) Credit Risk - Investments**

Surplus cash not invested in loans to members are held in high quality liquid assets. This includes the funds required to be held to meet withdrawal of deposits by members of Orange Credit Union.

Orange 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 in APS112. The credit quality assessment scale within this standard has been complied with.

The exposure values associated with each credit quality step as at 31 March 2020 are as follows in Table C:

**Table C**

Investments with banks and other ADIs	Average gross exposure in quarter	Carrying value on balance sheet at 31/03/2020	Past due facilities	Impaired facilities	Specific Provision as at end of qtr	Increase in specific provision and write offs in qtr
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cuscal	7,573	8,626	-	-	-	-
ADIs rated AAA- or better	34,913	29,216	-	-	-	-
ADIs rated BBB- or better	6,371	8,743	-	-	-	-
Unrated institutions – ADIs	21,250	22,500	-	-	-	-
Total	70,107	69,085	-	-	-	-

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**(ii) Credit Risk - Loans**

The classes of loans entered into by the credit union are 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 Orange Credit Union's loans by class, is as follows in Table D

**Table D**

Loans Portfolio 31 March 2020	Carrying value on balance sheet	Commitments redraws overdraft facilities undrawn	Maximum Exposure	Gross exposure value Average for the period
	\$'000	\$'000	\$'000	\$'000
Mortgage Secured	133,777	7,473	141,250	134,996
Personal	11,848	764	12,612	12,454
Overdrafts / Credit cards	23	2	25	83
Business Loans	-	-	-	-
<b>Total to natural persons</b>	<b>145,648</b>	<b>8,239</b>	<b>153,887</b>	<b>147,533</b>
Commercial borrowers	1,650	-	-	-
<b>Total Loans</b>	<b>147,298</b>	<b>8,239</b>	<b>153,887</b>	<b>147,533</b>

**Impairment details**

The level of impaired loans by class of loan is set out in table E.

In the note below -

- Carrying Value is the amount of the balance sheet gross of provision (net of deferred fees)
- Past due loans is the 'on balance sheet' loan balances which are behind in repayments past due by 90 days or more but not impaired
- Impaired loans are the 'on balance sheet' loan balances which are at risk of not meeting all principal and interest repayments over time
- 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.

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.

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**Table E**

Loans Portfolio Current quarter 31 March 2020	Carrying value on balance sheet	Past due facilities	Impaired facilities	Specific Provision as at end of qtr	Increase in specific provision in qtr	Write offs in qtr
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mortgage Secured	133,777	-	133	34	-	-
Personal	11,848	-	174	117	10	10
Overdrafts / Credit cards	23	-	-	6	1	-
Business Loans	-	-	-	-	-	-
<b>Total to natural persons</b>	145,648	-	307	157	11	10
Commercial borrowers	1,650	-	-	-	-	-
<b>Total Loans</b>	147,298	-	307	157	11	10

**General Reserve for Credit Losses**

In addition to the 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.

	Current quarter 31-Mar-20	Previous quarter 31-Dec-19
<b>Balance</b>	\$2,788,395	\$2,750,984

**SECURITISATION ARRANGEMENTS**

Orange Credit Union does not have any securitisation exposures.