

## Regulatory Capital Reconciliation

CUSCAL LIMITED STATEMENT OF FINANCIAL POSITION as at 30 June 2018					
	Accounting Consolidation	Accounting & Regulatory Differences	Additional Disclosures	Level 2 Regulatory Consolidation	Common Disclosure Template Line Item
	\$m	\$m	\$m	\$m	
<b>ASSETS</b>					
Cash and cash equivalents	914.0	(384.9)		529.1	
Receivables due from financial institutions	144.9	380.6		525.5	
Investment securities	954.7			954.7	26j
Loans	1.8			1.8	
Loans made by securitisation trusts	164.5	(164.5)		-	
Derivative financial assets	0.1			0.1	
Other assets	26.0	0.8	(2.5)	24.3	26j
Investments	3.8			3.8	18 & 26j
Deferred tax assets	17.6			17.6	26e
Property, plant and equipment and ATMs	6.3			6.3	
Intangible assets	49.8			49.8	8 & 9
<b>Total assets</b>	<b>2,283.5</b>	<b>(168.0)</b>	<b>(2.5)</b>	<b>2,113.0</b>	
<b>LIABILITIES</b>					
Payables due to financial institutions	71.0			71.0	
Deposits	1,317.5			1,317.5	
Securities sold under agreement to repo	147.1			147.1	
Discount securities issued	131.2			131.2	
Borrowings of securitisation trusts	168.0	(168.0)		-	
Derivative financial liabilities	-			-	
Other liabilities	176.4	(0.1)		176.3	
Current tax liabilities	0.6			0.6	
Deferred tax liabilities	8.2			8.2	26e
Provisions	25.9			25.9	
<b>Total liabilities</b>	<b>2,045.9</b>	<b>(168.1)</b>	<b>-</b>	<b>1,877.9</b>	
<b>Net assets</b>	<b>237.6</b>	<b>-</b>	<b>(2.5)</b>	<b>235.1</b>	
<b>EQUITY</b>					
Issued capital	127.1			127.1	1
Reserves					
- General reserve	2.5			2.5	3
- Available for sale reserve	2.5			2.5	3
- Foreign currency reserve	0.1			0.1	
- Reserve for credit losses	2.5		(2.5)	-	
Retained earnings	102.9			102.9	2
<b>Total equity</b>	<b>237.6</b>	<b>-</b>	<b>(2.5)</b>	<b>235.1</b>	

**"Accounting consolidation"** is the audited consolidated statement of financial position of Cuscal Limited, its subsidiaries and other entities as at 30 June 2018 prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and interpretations.

**Level 2 Regulatory Consolidation** is the consolidated statement of financial position of Cuscal Limited and its subsidiaries which constitute Level 2 reporting under APRA Prudential Standard APS 001.

Cuscal Limited is the head of the Level 2 Group for APRA reporting purposes. Of the total assets of the Level 2 Group at year-end of \$2,113.0 million, \$2,137.2 million are held by Cuscal Limited. Cash balances held by Cuscal subsidiaries with Cuscal, as well as intercompany receivables owing between the entities of the group, are eliminated on consolidation.

**CUSCAL LIMITED**  
**Level 2 Regulatory Consolidation**

**Common Disclosure Template as at 30 June 2018**

Cuscal Limited is using the post 1 January 2018 Common Disclosure Template

Line No.	Item	\$m
<b>Common Equity Tier 1 capital; instruments and reserves</b>		
1	Directly issued qualifying ordinary share capital	127.1
2	Retained earnings	102.9
3	Accumulated other comprehensive income (and other reserves)	5.1
<b>6</b>	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>235.1</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
8	Goodwill	(21.6)
9	Other intangible assets other than mortgage servicing rights	(28.2)
18	Investment in financial entities	(3.8)
26	National specific regulatory adjustments	(10.2)
26e	- deferred tax assets net of deferred tax liabilities	(9.4)
26j	- other national specific regulatory adjustments	(0.8)
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>(63.8)</b>
<b>29</b>	<b>Common Equity Tier 1 Capital</b>	<b>171.3</b>
<b>44</b>	<b>Additional Tier 1 capital</b>	<b>-</b>
<b>45</b>	<b>Tier 1 Capital</b>	<b>171.3</b>
<b>Tier 2 Capital: instruments and provisions</b>		
50	Provisions	2.5
<b>58</b>	<b>Tier 2 capital</b>	<b>2.5</b>
<b>59</b>	<b>Total capital</b>	<b>173.8</b>
<b>60</b>	<b>Total risk-weighted assets based on APRA standards</b>	<b>825.8</b>
<b>Capital ratios and buffers</b>		
<b>61</b>	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>	<b>20.7%</b>
<b>62</b>	<b>Tier 1 (as a percentage of risk weighted assets)</b>	<b>20.7%</b>
<b>63</b>	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>21.0%</b>
<b>64</b>	<b>Buffer requirement</b>	<b>7.0%</b>
65	of which: capital conservation buffer requirement	2.5%
66	of which: ADI-specific countercyclical buffer	0.0%
<b>68</b>	<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>	<b>14.0%</b>

**Regulatory Capital and Capital Adequacy Ratio Post June 2018 Year Final Dividend**

There are no dividends declared but not paid for the June 2018 financial year. Accordingly, there is no impact on Cuscal's 30 June 2018 Capital or Capital Adequacy Ratios.

## Main Features of Regulatory Capital Instruments

The only capital instrument on issue at 30 June 2018 are **ordinary shares**. The main features of these shares are:

Issuer	Cuscal Limited
Governing law	Corporations Act 2001
Transitional Basel III rules	Common Equity Tier 1
Post Transitional Basel III rules	Common Equity Tier 1
Eligible at solo/group	Solo and group
Amount recognised in Regulatory Capital	\$127.1 million
Par Value	Not applicable
Accounting Classification	Shareholders' equity
Perpetual or dated	Perpetual

## Risk Exposures and Assessments

	As at 31 Dec 2018		As at 30 Sept 2018	
	\$m	\$m	\$m	\$m
<b>Regulatory Capital</b>				
Common Equity Tier 1		173.3		176.6
Tier 1		173.3		176.6
Total Capital		175.7		179.1
<b>Risk Weighted Assets</b>				
	Gross Exposure	Risk Weighted Assets	Gross Exposure	Risk Weighted Assets
	\$m	\$m	\$m	\$m
<b>Credit Risk (excluding securitisation)</b>				
ADI's	1,483.2	460.0	1,632.0	488.6
Corporate loans	14.3	14.3	0.9	0.9
Other assets	592.8	31.7	517.1	32.3
Off balance sheet commitments	3.1	2.2	3.1	2.2
	<u>2,093.4</u>	<u>508.2</u>	<u>2,153.1</u>	<u>524.0</u>
Securitisation risk		-		-
Operational risk		367.1		345.6
Market risk		0.2		0.2
Total Risk-weighted assets		<u>875.5</u>		<u>869.8</u>
<b>Capital Adequacy Ratios</b>				
		%		%
> Common Equity Tier 1		19.8%		20.3%
> Tier 1		19.8%		20.3%
> Total Capital		20.1%		20.6%
<b>Gross Exposure by Major Type of Credit Exposure</b>				
	Gross Exposure	Average Exposure for Quarter	Gross Exposure	Average Exposure for Quarter
	\$m	\$m	\$m	\$m
Cash	1,019.6	980.9	1,053.6	1,026.0
Receivables from financial institutions	3.2	3.1	2.8	4.4
Loans	14.7	4.5	0.9	1.6
Investment securities	1,023.0	1,039.5	1,061.5	1,032.1
Other assets	29.8	30.3	31.2	29.4
Off balance sheet	3.1	3.2	3.1	3.2
	<u>2,093.4</u>	<u>2,061.5</u>	<u>2,153.1</u>	<u>2,096.7</u>
The following information is provided in respect of Cuscal Limited's Gross Credit Exposure at period end:				
> Impaired facilities		Nil		Nil
> Past due facilities		Nil		Nil
> Specific provisions		Nil		Nil
> Amounts charged to specific provisions during the quarter		Nil		Nil
> Amounts written off during the quarter		Nil		Nil
<b>Reserve for credit losses at period end</b>		<u>2.5</u>		<u>2.5</u>
<b>As at 31 Dec 2018</b>				
<b>As at 30 Sept 2018</b>				
The following information is provided in respect of Cuscal Limited's Securitisation activities at period end:				
> Total amount of exposures securitised		Nil		Nil
> Recognised gains or losses on sale		Nil		Nil
> On balance sheet securitisation exposures retained or purchased		Nil		Nil
> Off balance sheet securitisation exposures		Nil		Nil