

## Regulatory Capital Reconciliation

The below disclosures are required to be **updated annually**, in line with the lodgement of Cuscal's annual financial reports under the Corporations Act.

### CUSCAL LIMITED STATEMENT OF FINANCIAL POSITION as at 30 June 2021

	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 receivables due from financial institutions	972.3	(3.2)		969.1	
Investment securities	1,685.6	-		1,685.6	26j
Loans	0.7			0.7	
Loans made by securitisation trusts	81.3	(81.3)		-	
Other assets	35.1	18.8	(2.5)	51.4	26j
Investments	2.6	0.2		2.8	18 & 26j
Deferred tax assets	3.8			3.8	26e
Property, plant and equipment and ATMs	20.4	(18.0)		2.4	
Intangible assets	42.2			42.2	8 & 9
<b>Total assets</b>	<b>2,844.0</b>	<b>(83.5)</b>	<b>(2.5)</b>	<b>2,758.0</b>	
<b>LIABILITIES</b>					
Payables due to financial institutions	100.6			100.6	
Deposits	2,006.6			2,006.6	
Securities sold under agreement to repo	143.7			143.7	
Discount securities issued	9.4			9.4	
Borrowings of securitisation trusts	83.3	(83.3)		-	
Derivative financial liabilities	0.1			0.1	
Other liabilities	96.9	(0.2)		96.7	
Current tax liabilities	39.4			39.4	
Provisions	22.3			22.3	
<b>Total liabilities</b>	<b>2,502.3</b>	<b>(83.5)</b>	<b>-</b>	<b>2,418.8</b>	
<b>Net assets</b>	<b>341.7</b>	<b>-</b>	<b>(2.5)</b>	<b>339.2</b>	
<b>EQUITY</b>					
Issued capital	127.1			127.1	1
Reserves					
- General reserve	2.0			2.0	3
- Available for sale reserve	5.1			5.1	3
- Other reserve	0.5			0.5	
- Reserve for credit losses	2.5		(2.5)	-	
Retained earnings	204.5			204.5	2
<b>Equity attributable to owners of Cuscal</b>	<b>341.7</b>			<b>339.2</b>	
Non-controlling interest	-			-	
<b>Total equity</b>	<b>341.7</b>	<b>-</b>	<b>(2.5)</b>	<b>339.2</b>	

"**Accounting consolidation**" is the audited consolidated statement of financial position of Cuscal Limited, its subsidiaries and other entities as at 30 June 2021 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.

The Level 2 regulatory consolidation group excludes the Integrity Series 2014-1 Trust, which is included under Accounting Consolidation.

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 \$2,758.0 million, \$2,757.8 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.

## Common Disclosures

The below disclosures are required to be **updated annually**, in line with the lodgement of Cuscal's annual financial reports under the Corporations Act.

### CUSCAL LIMITED

#### Level 2 Regulatory Consolidation

Common disclosure template at 30 June 2021

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	204.5
3	Accumulated other comprehensive income (and other reserves)	7.6
		<b>339.2</b>
<b>6</b>	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>339.2</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
8	Goodwill	(21.6)
9	Other intangible assets other than mortgage servicing rights	(20.6)
18	Investment in financial entities	(2.6)
26	National specific regulatory adjustments	(4.6)
26e	- deferred tax assets net of deferred tax liabilities	(3.8)
26j	- other national specific regulatory adjustments	(0.8)
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>(49.5)</b>
<b>29</b>	<b>Common Equity Tier 1 Capital</b>	<b>289.7</b>
<b>44</b>	<b>Additional Tier 1 capital</b>	<b>-</b>
<b>45</b>	<b>Tier 1 Capital</b>	<b>289.7</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>292.2</b>
<b>60</b>	<b>Total risk-weighted assets based on APRA standards</b>	<b>1,099.3</b>
<b>Capital ratios and buffers</b>		
<b>61</b>	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>	<b>26.4%</b>
<b>62</b>	<b>Tier 1 (as a percentage of risk weighted assets)</b>	<b>26.4%</b>
<b>63</b>	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>26.6%</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>19.6%</b>

#### Regulatory Capital and Capital Adequacy Ratio June 2021 - post dividend impacts

On 17 August 2021, the Directors of Cuscal Limited approved the payment of dividends for the June 2021 financial year of 15.5 cents per ordinary share. The amount of the dividend totals \$28.9m. Had that dividend been declared as at 30 June 2021, the adjusted levels of capital and capital adequacy would have been:

Common Equity Tier 1 capital before regulatory adjustments	310.3
Common Equity Tier 1 Capital	260.8
Tier 1 Capital	260.8
Tier 2 capital	2.5
Total capital	263.3
Common Equity Tier 1 (as a percentage of risk weighted assets)	23.7%
Tier 1 (as a percentage of risk weighted assets)	23.7%
Total capital (as a percentage of risk weighted assets)	24.0%

## Main Features of Regulatory Capital Instruments

The below disclosures are required to be **published continuously**, and must be updated within 7 days if:

- a) a new capital instrument is issued and included in Regulatory Capital; or
- b) a capital instrument is redeemed, converted into Common Equity Tier 1 Capital, written off or otherwise changes in nature.

The only capital instrument on issue at 31 December 2021 are **ordinary shares**.

The main features of these shares at 31 December 2021 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	\$119.3 million
Par Value	Not applicable
Accounting Classification	Shareholders' equity
Perpetual or dated	Perpetual

The below disclosures have changed in content from the prior quarter disclosures (September 2021) and the previous financial year (June 2021), due to a capital transaction that occurred on 21 December 2021. Details of this change were disclosed on that date to our website, and are outlined below again for your reference.

### Changes at 21 December, 2021

On 21 December 2021, Cuscal settled 2 share buy-back programs with its shareholders relating to its ordinary shares, under which 11,502,262 ordinary shares were bought back for a consideration totalling \$22.4 million.

The effect of these transactions reduced Cuscal's amount of capital instruments (recognised in Shareholders' Equity) from \$127.1 million to **\$119.3 million**. This is reflected in the above disclosures.

Other than the above, there were no other changes to Cuscal's capital instrument disclosures to those published for previous quarter disclosures (30 September 2021), and the prior financial year (June 2021).

## Risk Exposures and Assessments

The disclosures below are required to be published on a quarterly basis, along with the immediately preceding disclosures.

	As at 31 December 2021	As at 30 September 2021
	\$m	\$m
<b>Regulatory Capital</b>		
Common Equity Tier 1	229.0	266.0
Tier 1	229.0	266.0
Total Capital	231.5	268.5

	Gross Exposure	Risk Weighted Assets	Gross Exposure	Risk Weighted Assets
	\$m	\$m	\$m	\$m
<b>Credit Risk Weighted Assets</b>				
Banks, ADI's & Supranationals	2,860.3	581.3	2,893.9	611.8
Corporate loans	0.3	0.3	0.5	0.5
Government	223.7	-	148.0	-
Other assets	51.2	57.6	60.4	60.0
Off balance sheet commitments	3.2	1.8	3.1	1.7
<b>Total Credit Risk</b>	<b>3,138.7</b>	<b>641.0</b>	<b>3,105.9</b>	<b>674.0</b>
Securitisation risk		-		-
Operational risk		487.1		453.4
Market risk		-		0.5
<b>Total Risk-weighted assets</b>		<b>1,128.1</b>		<b>1,127.9</b>

<b>Capital Adequacy Ratios</b>		
> Common Equity Tier 1	20.3%	23.6%
> Tier 1	20.3%	23.6%
> Total Capital	20.5%	23.8%

	Gross Exposure	Average Exposure for Quarter	Gross Exposure	Average Exposure for Quarter
	\$m	\$m	\$m	\$m
<b>Gross Exposure by Major Type of Credit Exposure</b>				
Cash & receivables due from financial institutions	1,336.8	1,182.0	1,283.2	1,125.9
Loans	0.3	4.7	0.5	0.5
Investment securities	1,749.8	1,769.2	1,760.4	1,745.1
Other assets	48.6	53.5	58.7	56.3
Off balance sheet	3.2	3.1	3.1	3.1
	<b>3,138.7</b>	<b>3,012.4</b>	<b>3,105.9</b>	<b>2,930.9</b>

The following information is provided in respect of Cuscal Limited's Gross Credit Exposure at period end:

	As at 31 December 2021	As at 30 September 2021
> Impaired facilities	Nil	Nil
> Past due facilities	Nil	Nil
> Specific provisions	0.1	0.1
> Amounts charged to specific provisions during the quarter	0.1	0.1
> Amounts written off during the quarter	Nil	Nil
<b>Reserve for credit losses at period end</b>	<b>2.5</b>	<b>2.5</b>

The following information is provided in respect of Cuscal Limited's Securitisation activities at period end:

	As at 31 December 2021	As at 30 September 2021
> 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