

Regulatory Capital Reconciliation

CUSCAL LIMITED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Accounting Consolidation	Accounting & Regulatory Differences	Additional Disclosures	Level 2 Regulatory Consolidation	Common Disclosure Template Line Item
	\$m	\$m	\$m	\$m	
ASSETS					
Cash and cash equivalents	796.7	(406.7)		390.0	
Receivables due from financial institutions	146.9	404.0		550.9	
Investment securities	1,141.2			1,141.2	26j
Loans	1.6			1.6	
Loans made by securitisation trusts	135.4	(135.4)		-	
Derivative financial assets	0.1			0.1	
Other assets	27.7	2.1	(2.5)	27.3	26j
Investments	4.0			4.0	18 & 26j
Deferred tax assets	13.2			13.2	26e
Property, plant and equipment and ATMs*	7.1			7.1	
Intangible assets	57.4	(1.2)		56.2	8 & 9
Total assets	2,331.3	(137.2)	(2.5)	2,191.6	
LIABILITIES					
Payables due to financial institutions	51.5			51.5	
Deposits	1,423.4			1,423.4	
Securities sold under agreement to repo	140.9			140.9	
Discount securities issued	111.7			111.7	
Borrowings of securitisation trusts	137.2	(137.2)		-	
Other liabilities	176.1			176.1	
Current tax liabilities	1.0			1.0	
Deferred tax liabilities	11.6			11.6	26e
Provisions	22.1			22.1	
Total liabilities	2,075.5	(137.2)	-	1,938.3	
Net assets	255.8	-	(2.5)	253.3	
EQUITY					
Issued capital	127.1			127.1	1
Reserves					
- General reserve	2.5			2.5	3
- Available for sale reserve	3.2			3.2	3
- Reserve for credit losses	2.5		(2.5)	-	
Retained earnings	120.5			120.5	2
Total equity	255.8	-	(2.5)	253.3	

*includes ATM assets classified as 'non-current assets held for sale' at 30 June 2019

“**Accounting consolidation**” is the audited consolidated statement of financial position of Cuscal Limited, its subsidiaries and other entities as at 30 June 2019 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 \$2,191.6 million, \$2,203.1 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

CUSCAL LIMITED Level 2 Regulatory Consolidation

Common disclosure template at 30 June 2019
Cuscal Limited is using the post 1 January 2018 Common Disclosure Template

Line No.	Item	\$m
Common Equity Tier 1 capital; instruments and reserves		
1	Directly issued qualifying ordinary share capital	127.1
2	Retained earnings	120.5
3	Accumulated other comprehensive income (and other reserves)	5.7
6	Common Equity Tier 1 capital before regulatory adjustments	253.3
Common Equity Tier 1 capital: regulatory adjustments		
8	Goodwill	(21.6)
9	Other intangible assets other than mortgage servicing rights	(34.7)
18	Investment in financial entities	(4.0)
26	National specific regulatory adjustments	(2.5)
26e	- deferred tax assets net of deferred tax liabilities	(1.5)
26j	- other national specific regulatory adjustments	(1.0)
28	Total regulatory adjustments to Common Equity Tier 1	(62.8)
29	Common Equity Tier 1 Capital	190.5
44	Additional Tier 1 capital	-
45	Tier 1 Capital	190.5
Tier 2 Capital: instruments and provisions		
50	Provisions	2.5
58	Tier 2 capital	2.5
59	Total capital	193.0
60	Total risk-weighted assets based on APRA standards	933.8
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	20.4%
62	Tier 1 (as a percentage of risk weighted assets)	20.4%
63	Total capital (as a percentage of risk weighted assets)	20.7%
64	Buffer requirement	7.0%
65	<i>of which: capital conservation buffer requirement</i>	2.5%
66	<i>of which: ADI-specific countercyclical buffer</i>	0.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	13.7%

Regulatory Capital and Capital Adequacy Ratio Post June 2019 Year Final Dividend

On 21 August 2019, the Directors of Cuscal Limited approved the payment of a final dividend for the June 2019 financial year of 5.0 cents per ordinary share. The amount of the dividend totals \$9.4m. Had that dividend been declared as at 30 June 2019, the adjusted levels of capital and capital adequacy would have been:

Common Equity Tier 1 capital before regulatory adjustments	243.9
Common Equity Tier 1 Capital	181.1
Tier 1 Capital	181.1
Tier 2 capital	2.5
Total capital	183.6
Common Equity Tier 1 (as a percentage of risk weighted assets)	19.4%
Tier 1 (as a percentage of risk weighted assets)	19.4%
Total capital (as a percentage of risk weighted assets)	19.7%

Main Features of Regulatory Capital Instruments

The only capital instrument on issue at 30 June 2019 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 30 Sep 2019		As at 30 Jun 2019	
	\$m	\$m	\$m	\$m
Regulatory Capital				
Common Equity Tier 1		183.3		190.5
Tier 1		183.3		190.5
Total Capital		185.8		193.0

Risk Weighted Assets

	Gross Exposure	Risk Weighted Assets	Gross Exposure	Risk Weighted Assets
	\$m	\$m	\$m	\$m
Credit Risk (excluding securitisation)				
ADI's & Supranationals	1,715.9	548.6	1,588.5	504.4
Corporate loans	2.1	1.0	1.6	1.2
Other assets	398.3	49.3	529.5	38.3
Off balance sheet commitments	4.3	2.6	3.3	2.3
	2,120.6	601.5	2,122.9	546.2

Securitisation risk		-		-
Operational risk		387.5		387.5
Market risk		0.2		0.1
Total Risk-weighted assets		989.2		933.8

Capital Adequacy Ratios

	%	%
> Common Equity Tier 1	18.5%	20.4%
> Tier 1	18.5%	20.4%
> Total Capital	18.8%	20.7%

	Gross Exposure	Average Exposure for Quarter	Gross Exposure	Average Exposure for Quarter
	\$m	\$m	\$m	\$m
Cash	789.1	847.3	935.2	949.9
Receivables from financial institutions	15.1	8.1	5.6	4.6
Loans	3.6	1.9	1.6	1.8
Investment securities	1,264.2	1,209.2	1,141.2	1,084.6
Other assets	44.3	41.1	36.0	32.3
Off balance sheet	4.3	4.4	3.3	3.0
	2,120.6	2,112.0	2,122.9	2,076.2

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

Reserve for credit losses at period end

2.5

2.5

As at 30 Sep 2019

As at 30 Jun 2019

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