

**APS 330 Capital Adequacy: Market Exposure**  
**Latvian Australian Credit Co-operative Society Ltd**  
**Disclosure of risk management practices and capital adequacy**  
Latvian Australian Credit Co-operative Society Ltd and its subsidiaries

**Table 1**

**Capital structure**

as at 30 June 2010

	\$
<b>Tier 1 capital</b>	
General reserves	2,000,000
Retained and current years earnings	29,225
Less deductions from tier 1 capital	
- Deferred Tax Asset	31,674
- Non subsidiary entities	3,347
<b>Tier 1 capital (net of deductions)</b>	<b>1,994,204</b>
<b>Tier 2 capital</b>	
<b>Tier 2 capital (net of deductions)</b>	<b>140,896</b>
<b>Total capital base</b>	<b>2,135,100</b>

**Table 2**

**Capital Adequacy**

as at 30 June 2010

	Risk weighted exposure
	\$
Capital requirements - for credit risk	
Claims on banks and ADIs (deposits, bank bills)	3,030,103
Loans and advances - Claims secured by residential mortgage	2,590,288
Past Due claims	114,429
Claims on private sector counterparties	389,762
Investment in Premises, plant and equipment	424,035
Other assets	54,598
Guarantees	99,900
Commitments for loans and advances	
- Loans approved not advanced	37,800
- Loan redraw facilities	106,040
for operational risk	944,157
<b>Total risk weighted exposures</b>	<b>7,791,112</b>
<b>Capital adequacy ratio</b>	
- on net tier 1 capital	<b>25.60%</b>
- on total capital base	<b>27.40%</b>

**Table 3**

**Credit risk**

For the three month period ended 31 June 2010

	Gross exposures at reporting date	Average gross exposures for the period	Impaired facilities	90 days past due	Specific provisions balance	Charge for specific provisions and write-offs for the period
	\$	\$	\$	\$	\$	\$
Claims on banks or ADIs	8,522,506	9,240,789	-	-	-	-
Loans and advances						
On balance sheet:						
-secured by residential mortgage	6,322,176	6,008,805	-	113,997	-	-
- other retail	203,308	194,157	-	-	-	-
- commercial	159,348	160,837	-	-	-	-
Off balance sheet commitments						
- loans approved not advanced	75,600	48,219	-	-	-	-
- loan redraw limits	302,972	291,792	-	-	-	-
<b>Total loans and advances</b>	<b>6,684,832</b>	<b>6,363,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The general reserve for credit losses is \$60,000 at reporting date.