

**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 September 2011

|   |                  |
|---|------------------|
|   | \$               |
| <b>Tier 1 capital</b>                     |                  |
| General reserves                          | 2,000,000        |
| Retained and current years earnings       | 82,389           |
| Less deductions from tier 1 capital       |                  |
| - Deferred Tax Asset                      | 51,244           |
| - Non subsidiary entities                 | 3,347            |
| <b>Tier 1 capital (net of deductions)</b> | <b>2,027,798</b> |
| <b>Tier 2 capital</b>                     |                  |
| <b>Tier 2 capital (net of deductions)</b> | <b>137,680</b>   |
| <b>Total capital base</b>                 | <b>2,165,478</b> |

**Table 2**

**Capital Adequacy**

as at 30 September 2011

|   |                        |
|---|------------------------|
|   | Risk weighted exposure |
|   | \$                     |
| Capital requirements -<br>for credit risk                   |                        |
| Claims on banks and ADIs (deposits, bank bills)             | 3,281,954              |
| Loans and advances - Claims secured by residential mortgage | 2,925,417              |
| Past Due claims   | 112,962                |
| Claims on private sector counterparties                     | 189,678                |
| Investment in Premises, plant and equipment                 | 449,339                |
| Other assets  | 91,678                 |
| Guarantees  | 99,900                 |
| Commitments for loans and advances                          |                        |
| - Loans approved not advanced                               | 4,410                  |
| - Loan redraw facilities                                    | 102,289                |
| for operational risk  | 940,298                |
| <b>Total risk weighted exposures</b>                        | <b>8,197,925</b>       |
| <b>Capital adequacy ratio</b>                               |                        |
| - on net tier 1 capital                                     | <b>24.74%</b>          |
| - on total capital base                                     | <b>26.41%</b>          |

**Table 3**

**Credit risk**

For the three month period ended 30 September 2011

|                                  | 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          | 8,031,816                         | 8,234,297                              | -                   | -                | -                           | -  |
| Loans and advances               |                                   |  |                     |                  |                             |  |
| On balance sheet:                |                                   |  |                     |                  |                             |  |
| -secured by residential mortgage | 6,407,580                         | 6,494,431                              | -                   | 112,962          | -                           | -  |
| - other retail                   | 147,018                           | 122,005                                | -                   | -                | -                           | -  |
| - commercial                     | 42,660                            | 40,264                                 | -                   | -                | -                           | -  |
| Off balance sheet commitments    |                                   |  |                     |                  |                             |  |
| - loans approved not advanced    | 12,600                            | 32,550                                 | -                   | -                | -                           | -  |
| - loan redraw limits             | 292,253                           | 339,534                                | -                   | -                | -                           | -  |
| <b>Total loans and advances</b>  | <b>6,597,258</b>                  | <b>6,656,700</b>                       | <b>-</b>            | <b>-</b>         | <b>-</b>                    | <b>-</b>   |

The general reserve for credit losses is \$73,000 at reporting date.