

Laboratories Credit Union's capital is made up as follows:

**Table A
Capital**

	30-Sep-08 unaudited
	\$
Tier 1	
Retained earnings	7,065,980
Current year earnings	120,832
Innovative Tier 1 capital	<u>1,000,000</u>
	<u>8,186,812</u>
Less prescribed deductions	
Deferred tax assets	198,302
Intangible assets	110,292
Equity in other ADI's	117,650
Other Tier 1 deductions	<u>133,400</u>
	<u>559,644</u>
Net tier 1 capital	<u>7,627,168</u>
Tier 2	
Subordinated debt	1,000,000
Reserve for credit losses	<u>546,730</u>
	<u>1,546,730</u>
Less prescribed deductions	235,995
Net Tier 2 capital	<u>1,310,735</u>
Total Capital	<u><u>8,937,903</u></u>

Table B
Risk Weighted Assets

	Trial Balance	Commitments	Total RWA	Risk Weighting	Risk Weighted Value
	30-Sep-08	30-Sep-08	30-Sep-08		30-Sep-08
Cash	96,835		96,835	0%	-
Funds on deposit in highly rated ADI's	28,412,398		28,412,398	20%	5,682,480
Mortgage Secured loans			-		-
up to 80% LVR	55,190,341		55,190,341	35%	19,316,619
80% to 90% LVR	5,247,724		5,247,724	50%	2,623,862
90% to 100% LVR	1,635,494		1,635,494	75%	1,226,621
> 100% LVR	672,714		672,714	100%	672,714
					<u>23,839,816</u>
with LMI					
up to 80% LVR	1,746,831		1,746,831	35%	611,391
80% to 90% LVR	3,699,406		3,699,406	35%	1,294,792
90% to 100% LVR	1,010,053		1,010,053	50%	505,027
> 100% LVR			-		-
Non-standard					
0% to 60% LVR	500,265		500,265	50%	250,133
					<u>2,661,342</u>
Past due claims	166,814		166,814	100%	166,814
					-
Other Loans	3,629,136		3,629,136	100%	3,629,136
					-
Fixed assets	343,813		343,813	100%	343,813
					-
Other assets	762		762	100%	762
Total Credit risk assets					<u>36,324,162</u>
Securitisation					0
Operational risk assets					7,414,250
Total risk weighted assets					<u>43,738,412</u>

Table C
Capital held

	30-Sep-08
	\$
Deposits at banks and other ADI's	454,598
Loans-residential mortgage	2,120,093
Loans-other	290,331
Other assets	40,911
	<u>2,905,933</u>
Capital for credit risk on assets (8% RWA)	
Capital for market risk	0
Capital for operations risk (8% RWA)	3,499,073
Total Capital required	<u>6,405,006</u>
	<u>8,937,903</u>
Capital held by LCU	<u>20.43%</u>
Total Capital Ratio	

Table D
Credit assessment for Investments

30-September-2008				
Investments with banks and other ADI's	Value on balance sheet	Past due loans	Impaired	Provision
CUSCAL rated AA	20,500,000	-	-	-
Banks-rated AA & above	5,344,719	-	-	-
Banks-rated AA & below	2,000,000	-	-	-
Unrated Institutions	567,679	-	-	-
Total	28,412,398			

Table E
Credit risk- Loans

30-September-2008					
Loans to	Value on balance sheet	Commitments	Other non-market off balance sheet exposures	Max exposure	Average Gross exposure in the period
	\$	\$	\$	\$	\$
Mortgage secured	69,729,175			70,500,000	70,374,296
Personal	2,559,367			3,150,000	3,105,488
Overdrafts	110,044			141,470	125,759
Total	72,398,586			73,791,470	
Corporate borrowers	1,110,198			1,130,000	1,120,000
Total	73,508,784	21,124,169		74,921,470	74,725,543

		30-Sep-08
		\$
a.	Outstanding loan commitments	6,897,440
b.	Loan redraw facilities	10,936,209
c.	Undrawn loans facilities	3,290,520
	Total financial commitments	<u><u>21,124,169</u></u>

Table F
Impairment details

	As at 30 September 2008					
	Value on balance sheet	Value of loans that are past due	Value of loans that are impaired	Provision for impairment	Increase in provisions for impairment	Bad debts in the period
	\$	\$	\$	\$	\$	\$
Mortgage secured	69,729,175	532,502	170,062	170,067	-	-
Personal	2,559,367	71,207	21,118		-	-
Overdrafts	110,044	5,466	1,682		-	-
						-
Total	72,398,586	609,175	192,862	170,067		-
Corporate borrowers	1,110,198	-		-	-	-
Total	1,110,198	609,175	192,862	170,067	-	-

Reserve for credit losses

In addition to the above provision for impairment, the board has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties in the future.

The reserve has been determined on the basis of past experience and potential risk. The amount of the reserve is currently \$696,994