



**APS 330 Capital adequacy and risk disclosures
as at 30 June 2016**

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Introduction and scope of application

This disclosure document has been prepared in accordance with Board approved policy and the reporting requirements contained within APS 330.

The disclosures in this document are for the Credit Union as an individual entity. There were no subsidiary entities as at 30 June 2016.

The information presented in this disclosure document is not audited, however it has been prepared based on information lodged with APRA and information contained within the Credit Union's annual report for the year ended 30 June 2016 which was subject to external audit.

Attachment A

Common disclosure template

The capital disclosures detailed in the template below represents the post 1 January 2018 Basel III common disclosure requirements. The Credit Union is applying the Basel III regulatory adjustments in full as implemented by APRA. This template should be read in conjunction with Annexure B Regulatory Capital Reconciliation. Amounts disclosed below are reported in millions unless otherwise stated.

Details		A\$m	Attach. B Ref No.
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital		
2	Retained earnings	34.500	B.1
3	Attachment A Common disclosure template	1.557	B.2
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)</i>		
5	Attachment B Regulatory capital reconciliation		
6	Common Equity Tier 1 capital before regulatory adjustments	36.057	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Other intangibles other than mortgage servicing rights (net of related tax liability)		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0.536	B.3
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined benefit superannuation fund net assets		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage service rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the ordinary shares of financial entities		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	1.281	B.5
26a	of which: treasury shares		
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI		
26c	of which: deferred fee income		
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23		
26e	of which: deferred tax assets not reported in rows 10, 21 and 25		
26f	of which: capitalised expenses	1.256	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	0.025	
26h	of which: covered bonds in excess of asset cover in pools		
26i	of which: undercapitalisation of a non-consolidated subsidiary		
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common Equity Tier 1	1.817	
29	Common Equity Tier 1 Capital (CET1)	34.240	
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	2.289	B.6
31	of which: classified as equity under applicable accounting standards	2.289	
32	of which: classified as liabilities under applicable accounting standards		
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	2.289	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
36	Additional Tier 1 Capital before regulatory adjustments	2.289	

Details		A\$m	Attach. B Ref No.
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)		
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties		
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40		
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	2.289	
45	Tier 1 Capital (T1=CET1+AT1)	36.529	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments		
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)		
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
50	Provisions	0.900	B.7
51	Tier 2 Capital before regulatory adjustments	0.900	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)		
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions		
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)		
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties		
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55		
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b		
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	0.900	
59	Total capital (TC=T1+T2)	37.429	
60	Total risk-weighted assets based on APRA standards	257.450	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.30%	
62	Tier 1 (as a percentage of risk-weighted assets)	14.19%	
63	Total capital (as a percentage of risk-weighted assets)	14.54%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.00%	
65	<i>of which: capital conservation buffer requirement</i>	2.50%	
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	-	
67	<i>of which: G-SIB buffer requirement (not applicable)</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	6.54%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
70	National Tier 1 minimum ratio (if different from Basel III minimum)		
71	National total capital minimum ratio (if different from Basel III minimum)		
Amount below thresholds for deductions (not risk-weighted)			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the ordinary shares of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0.900	
77	Cap on inclusion of provisions in Tier 2 under standardised approach		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>		
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>		
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>		
83	<i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i>		
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>		
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>		

Attachment B

Regulatory Capital Reconciliation

The following statement of financial position (or balance sheet) has been extracted from the 2016 Annual Financial Report for Holiday Coast Credit Union Ltd.

Statement of Financial Position

as at 30 June 2016

	2016
	\$'000
Assets	
Cash and cash equivalents	12,181
Due from other financial institutions	112,218
Receivables	1,836
Other financial assets	25
Investments	-
Loans and advances to members:	
Gross loans and advances to members	420,421
Upfront fee income	(156)
Provision for impaired loans	(86)
Property, plant and equipment	3,964
Taxation assets	968
Intangible assets	720
Total Assets	552,091
Liabilities	
Borrowings	-
Deposits from other financial institutions	-
Deposits from members	502,941
Payables, accruals and settlement accounts	6,972
Taxation liabilities:	
Provision for income tax	104
Deferred tax liabilities	432
Provisions	1,424
Total Liabilities	511,873
Net Assets	40,218
Equity	
Permanent share capital:	
Member Investment Securities	3,815
Costs associated with issuing capital instruments	(536)
Redeemed share capital account	349
Reserves:	
Asset revaluation reserve	1,208
General reserve for credit losses	900
Other reserve for credit losses	138
Retained profits	34,344
Total Equity	40,218

Reconciliation between Common Disclosure Template (Attachment A) and Balance Sheet (Attachment B)

The following is a reconciliation between the balance sheet and the components of capital as reported in the common disclosure template (Attachment A) as at 30 June 2016.

Attach. B Ref No.	Item Number in Common Disclosure Template	Break-up of component as per Balance Sheet	Amount as per Balance Sheet ('\$'000's)
B.1	2	Retained earnings:	
		Retained earnings	34,344
		Upfront fee income	156
		Total	34,500
B.2	3	Accumulated other comprehensive income (and other reserves):	
		Redeemed share capital account	349
		Asset revaluation reserve	1,208
		Total	1,557
B.3	10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability):	
		Taxation assets	968
		Deferred tax liabilities	(432)
		Total	536
B.5	26 to 26j	National specific regulatory adjustments:	
		Intangible assets	720
		Costs associated with issuing capital instruments	536
		Investments in commercial (non-financial) entities	25
		Total	1,281
B.6	30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1):	
		Member Investment Securities	3,815
		Less Basel III transitional relief amortisation for issued MIS instruments ^①	(1,526)
		Total	2,289
B.7	50	Provisions:	
		General reserve for credit losses	900
		Total	900

^① Basel III transitional arrangements apply to those capital instruments not compliant with the new Basel III capital requirements.