

FIRST CHOICE CREDIT UNION LTD
PUBLIC DISCLOSURES 30 JUNE 2018

COMMON DISCLOSURE TEMPLATE

First Choice Credit Union is using the post 1 January 2018 common disclosure template when making its capital disclosures so as to fully apply the Basel III regulatory adjustments as implemented by the Australian Prudential Regulatory Authority (APRA).

Common Equity Tier 1 capital: instruments and reserves		A\$
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	n/a
2	Retained Earnings	7,001,162
3	Accumulated other comprehensive income (and other reserves)	267,139
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)</i>	n/a
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	n/a
6	Common Equity Tier 1 capital before regulatory adjustments	7,268,301
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	n/a
8	Goodwill (net of related tax liability)	n/a
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	98,520
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0
11	Cash-flow hedge reserve	n/a
12	Shortfall of provisions to expected losses	n/a
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II)	n/a
14	Gains and losses due to changes in own credit risk on fair valued liabilities	n/a
15	Defined benefit superannuation fund net assets	n/a
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	n/a
17	Reciprocal cross-holdings in common equity	n/a
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)	n/a
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)	n/a
20	Mortgage service rights (amount above 10% threshold)	n/a
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	44,348
22	Amount exceeding the 15% threshold	n/a
23	of which: significant investments in the ordinary shares of financial	n/a
24	of which: mortgage servicing rights	n/a
25	of which: deferred tax assets arising from temporary differences	n/a
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	78,938
26a	of which: treasury shares	0
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	0
26c	of which: deferred fee income	0
26d	of which: equity investments in financial institutions not reported in rows	78,938
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	0
26f	of which: capitalised expenses	0
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	0
26h	of which: covered bonds in excess of asset cover in pools	0
26i	of which: undercapitalisation of a non-consolidated subsidiary	0
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	0
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	n/a
28	Total regulatory adjustments to Common Equity Tier 1	221,806
29	Common Equity Tier 1 Capital	7,046,495

Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	n/a
31	of which: classified as equity under applicable accounting standards	n/a
32	of which: classified as liabilities under applicable accounting standards	n/a
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	n/a
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)	n/a
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	n/a
36	Additional Tier 1 Capital before regulatory adjustments	0
Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	n/a
38	Reciprocal cross-holdings in Additional Tier 1 instruments	n/a
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)	n/a
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)	n/a
41	National specific regulatory adjustments (sum of rows 41a, 41b & 41c)	n/a
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	n/a
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39	n/a
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	n/a
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	n/a
43	Total regulatory adjustments to Additional Tier 1 capital	0
44	Additional Tier 1 capital (AT1)	0
45	Tier 1 Capital (T1=CET1 + AT1)	7,046,495

Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	n/a
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	n/a
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)	n/a
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	n/a
50	Provisions	437,610
51	Tier 2 Capital before regulatory adjustments	437,610
Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	n/a
53	Reciprocal cross-holdings in Tier 2 instruments	n/a
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)	n/a
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.	n/a
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	n/a
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	n/a
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 54	n/a
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	n/a
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	437,610
59	Total capital (TC=T1+T2)	7,484,105
60	Total risk-weighted assets based on APRA standards	38,858,859
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	18.13%
62	Tier 1 (as a percentage of risk-weighted assets)	18.13%
63	Total capital (as a percentage of risk-weighted assets)	19.26%
64	Buffer requirement (minimum CET1 requirements 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 requirements</i>	2.50%
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	0.00%
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)	11.26%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III)	
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	n/a
73	Significant investments in the ordinary shares of financial entities	n/a
74	Mortgage service rights (net of related tax liability)	n/a
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0
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)	447,443
77	Cap on inclusion of provisions in Tier 2 under standardised approach	437,610
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	n/a
79	Cap for inclusion of provisions in tier 2 under internal ratings-based	n/a
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>	n/a
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	n/a
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	n/a
83	<i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i>	n/a
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	n/a
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	n/a

REGULATORY CAPITAL RECONCILIATION

First Choice Credit Union Ltd Audited Balance Sheet as at 30 June 2018

	\$	Mapping to Common Disclosure Template Item #
ASSETS		
Cash and liquid assets	1,891,628	
Receivables due from financial institutions	27,979,876	
Receivables	193,968	
Prepayments	28,941	
Loans and advances to members	35,838,197	
Available for sale investments	78,938	26
Property, plant and equipment	971,293	
Intangibles	98,522	9
Deferred tax assets	64,418	21
TOTAL ASSETS	67,145,781	
LIABILITIES		
Deposits from members	58,812,868	
Creditor accruals and settlement accounts	511,781	
Current tax liabilities	20,368	
Provisions	64,954	
Deferred tax liabilities	20,070	21
TOTAL LIABILITIES	59,430,041	
NET ASSETS	7,715,740	
MEMBERS' EQUITY		
Asset revaluation reserve	267,139	3
Reserve for credit losses	447,443	50/76/77
Retained Earnings	7,001,158	2
TOTAL MEMBERS' EQUITY	7,715,740	

Additional Commentary for reconciliation for capital items 2, 9, 21, 50,76 and 77

Item 2	Retained Earnings	7,001,162
Balance Sheet	Retained Earnings	7,001,158
	Rounding	4
Item 9	Other intangibles other than mortgage servicing rights (net of related tax liability)	98,520
Balance Sheet	Intangibles	98,522
	Rounding	(2)
Item 21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	44,348
Balance Sheet	Deferred tax assets	64,418
	Deferred tax liabilities	(20,070)
		44,348
Item 50	Provisions	437,610
Balance Sheet	Reserve for Credit Losses	447,443
Item 76 and 77	Portion of Reserve for Credit Losses in excess of 1.25% of Credit Risk Weighted Assets	(9,833)
		437,610

**FIRST CHOICE CREDIT UNION LTD
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MAIN FEATURES OF CAPITAL INSTRUMENTS

At the current time First Choice has no capital instruments included as part of regulatory capital.

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RISK EXPOSURES AND ASSESSMENT
CAPITAL ADEQUACY

Capital requirements (in terms of risk-weighted assets by portfolio)

	Assets 30/09/2018	Risk Weighted Assets 30/09/2018	Assets 30/06/2018	Risk Weighted Assets 30/06/2018
	\$	\$	\$	\$
Cash	265,262	0	279,850	0
Claims on ADIs	30,732,765	12,744,763	29,794,709	12,720,268
Eligible Residential Mortgages	27,164,828	11,491,770	25,832,091	10,814,612
Past Due Loans	83,602	83,602	60,851	60,851
Other claims on private sector counterparties (other loans)	10,312,199	10,312,199	9,945,255	9,945,255
Fixed Assets	962,845	962,845	971,293	971,293
Other Assets	81,153	81,153	19,859	19,859
Securitised assets	0	0	0	0
Loans not yet funded	1,857,596	868,806	1,297,573	476,650
Loans available for redraw and undrawn overdraft facilities	2,960,617	0	2,940,461	0
Irrevocable standby commitments	2,220,669	0	2,135,424	0
Total capital requirements (in terms of risk-weighted assets) for credit risk and securitisation		36,545,138		35,008,788
Total capital requirements (in terms of risk-weighted assets) for operational risk		3,850,071		3,850,071
Total capital requirements (in terms of risk-weighted assets)		40,395,209		38,858,859
Common Equity Tier 1 ratio		17.58%		18.13%
Tier 1 ratio		17.58%		18.13%
Total Capital ratio		18.68%		19.26%

**FIRST CHOICE CREDIT UNION LTD
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**RISK EXPOSURES AND ASSESSMENT
CREDIT RISK**

TOTAL GROSS CREDIT RISK EXPOSURE AND AVERAGE GROSS EXPOSURE OVER PERIOD

	Gross Credit Risk Exposure 30-Sep-18	Average Gross Exposure over the period 30-Sep-18	Gross Credit Risk Exposure 30-Jun-18	Average Gross Exposure over the period 30-Jun-18
Gross exposures by portfolio	\$	\$	\$	\$
Authorised Deposit Taking Institutions	30,732,766	30,844,484	29,794,709	30,814,849
Loans	37,603,116	35,622,179	35,915,245	34,557,930
Commitments	7,038,882	6,450,243	6,372,381	6,164,576
Other non-market off-balance sheet exposures	-	-	-	-

**FIRST CHOICE CREDIT UNION LTD
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RISK EXPOSURES AND ASSESSMENT

CREDIT RISK

CREDIT RISK BY PORTFOLIO

Credit Exposure	Balance 30/09/2018	Balance 30/06/2018	Impaired 30/09/2018	Impaired 30/06/2018	Past Due 30/09/2018	Past Due 30/06/2018	Specific Provision 30/09/2018	Specific Provision 30/06/2018	Specific Provision Charges 30/09/2018	Specific Provision Charges 30/06/2018	Write Offs 30/09/2018	Write Offs 30/06/2018
ADIs	30,732,766	29,794,709	-	-	-	-	-	-	-	-	-	-
Residential mortgages	27,623,197	26,288,012	-	-	-	-	-	-	-	-	-	-
Other retail	9,174,328	8,701,590	83,602	60,851	-	-	42,487	77,048	16,289	41,195	50,850	7,319
Corporate	805,591	925,643	-	-	-	-	-	-	-	-	-	-
Total Loans	37,603,116	35,915,245	83,602	60,851	-	-	42,487	77,048	16,289	41,195	50,850	7,319
Commitments	7,038,882	6,372,381	-	-	-	-	-	-	-	-	-	-
Other non-market off- balance sheet exposures	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	75,374,764	72,082,335	83,602	60,851	-	-	42,487	77,048	16,289	41,195	50,850	7,319

**FIRST CHOICE CREDIT UNION LTD
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**RISK EXPOSURES AND ASSESSMENT
CREDIT RISK
GENERAL RESERVE FOR CREDIT LOSSES**

	30-Sep-18	30-Jun-18
	\$	\$
General Reserve for credit losses	447,443	447,443

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RISK EXPOSURES AND ASSESSMENT

Securitisation Activity

a) Summary of current period's securitisation activity:

Total amount of exposures securitised	Nil
Recognised gain or loss on sale	n/a - no sales

b) Aggregate on-balance sheet and off-balance sheet exposures

	30-Sep-18	30-Jun-18
	\$	\$
On-balance sheet securitisation exposures retained or purchased by exposure type	-	-
On-balance sheet securitisation exposures retained or purchased by exposure type - mortgage secured housing loan	-	-