

**Capital Base**

The details of the components of the capital base are set out below as at quarter end.

**Table 1: Common Disclosure**

Common Equity Tier 1 Capital : instruments and reserves		30 June 2018
		\$,000
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	
2	Retained earnings	91,853
3	Accumulated other comprehensive income (and other reserves)	105
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)</i>	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	<b>Common Equity Tier 1 capital before regulatory adjustments on Equity Tier 1 capital : regulatory adjustments</b>	<b>91,958</b>
<b>Common Equity Tier 1 Capital : regulatory adjustments (rows 7 to 27)</b>		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	3,970
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,047
11	Cash-flow hedge reserve	-123
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)	21
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)	
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	3,970
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA rules	
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	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>4,915</b>
29	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>87,043</b>
<b>Additional Tier 1 Capital: instruments</b>		
30	Directly issued qualifying Additional Tier 1 instruments	
31	of which: classified as equity under applicable accounting standards	
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>	
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	<b>Additional Tier 1 Capital before regulatory adjustments</b>	
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
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	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	
44	<b>Additional Tier 1 capital (AT1)</b>	
45	<b>Tier 1 Capital (T1=CET1+AT1)</b>	<b>87,043</b>
<b>Tier 2 Capital: instruments and provisions</b>		
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	1,747
51	<b>Tier 2 Capital before regulatory adjustments</b>	<b>1,747</b>
<b>Tier 2 Capital: regulatory adjustments</b>		
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	<b>Total regulatory adjustments to Tier 2 capital</b>	

58	Tier 2 capital (T2)	1,747
59	Total capital (TC=T1+T2)	88,790
60	Total risk-weighted assets based on APRA standards	589,345
<b>Capital ratios and buffers</b>		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.78%
62	Tier 1 (as a percentage of risk-weighted assets)	14.78%
63	Total capital (as a percentage of risk-weighted assets)	15.07%
64	Institution-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIBs buffer requirement, 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</i>	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	7.78%
<b>National minima (if different from Basel III)</b>		
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)	
<b>Amount below thresholds for deductions (not risk-weighted)</b>		
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)	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1,110
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	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
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>	

**Regulatory Capital reconciliation**

	<i>Balance sheet per published financial statements as at June 2018</i>	<i>Adjustment</i>	<i>Expanded balance sheet under regulatory scope of APS330 for June 2018</i>	<i>APS330 table ref</i>
	\$'000		\$'000	
<b>Asset</b>				
Cash and cash equivalents	19,730	8,650	11,080	
Other financial assets	185,811	- 8,650	194,461	
Receivables and other assets	2,851	- 1,569	4,420	
Loans to members <sup>2</sup>	1,118,053	1,652	1,116,401	
Other loans	14,533	- 82	14,615	
Property, plant and equipment	1,121	-	1,121	
Deferred tax assets	967	-	967	10
Intangible assets <sup>2</sup>	3,182	-	3,182	26f
<b>Total asset</b>	<b>1,346,248</b>		<b>1,346,247</b>	
<b>Liabilities</b>				
Borrowings from financial and other institutions	5,000	-	5,000	
Deposits	1,233,865	- 5,561	1,239,426	
Creditors, accruals and other liabilities <sup>2</sup>	11,960	6,310	5,650	
Taxation liabilities <sup>2</sup>	661	-	661	
Provisions <sup>2</sup>	1,319	- 749	2,068	
Long term borrowings	-	-	-	
<b>Total liabilities</b>	<b>1,252,805</b>		<b>1,252,805</b>	
<b>NET ASSETS</b>	<b>93,443</b>	<b>-</b>	<b>93,443</b>	
<b>Member's equity</b>				
General reserve for credit losses <sup>2</sup>	1,747	-	1,747	50
Cash flow hedge reserve	(123)	-	(123)	11
AFS fair value reserve	228	-	228	
Retained earnings <sup>2</sup>	91,591	-	91,591	2
<b>Total members' equity</b>	<b>93,443</b>	<b>-</b>	<b>93,443</b>	

**Table 3: Capital Adequacy**

		<b>Prescribed</b>
		<b>RWA</b>
		<b>\$'000</b>
		<b>30 June 2018</b>
a	(i) Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio;	
	Liquid investments	38,708
	Loans - secured by residential mortgage	372,485
	Loans - other	100,342
	Loans - corporate	-
	All other assets	3,368
	<b>Total credit risk on balance sheet</b>	<b>514,903</b>
	<b>Total credit risk off balance sheet</b>	<b>2,703</b>
b	Capital requirements for equity exposures in IRB approach	-
c	Capital requirements for market risk.	-
d	Capital requirements for operational risk.	<b>71,739</b>
e	Capital requirements for interest rate risk	-
	<b>Total Risk Weighted assets</b>	<b>589,345</b>
f	Common Equity Tier 1 Capital Ratio	14.78%
f	Tier 1 Capital Ratio	14.78%
f	<b>Total Capital ratio</b>	<b>15.07%</b>

**Table 4: Credit Risk**

30 June 2018								
		Gross Credit Exposure	Avg. gross credit exposure	Risk-weighted	Impaired facilities	Past due facilities	Specific provisions as at end of qtr	Write off
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Total Loans	1,134,466	1,146,567					
	Debt securities	175,173	183,669					
	Other Commitments	17,983	3,443					
	Total off-balance sheet exposures	7,400	8,892					
a(i)	<b>Total exposure by major types</b>	<b>1,335,021</b>	<b>1,342,571</b>					
	Liquid investments	175,173	183,669	38,708	-	-	-	-
	Loans - secured by residential mortgage	1,034,099	1,043,717	372,485				-
	Loans - other	100,366	102,850	100,342	583	583	1,719	1,006
	All other assets	3,368	3,443	3,368	-		-	
	Off-balance sheet exposure	7,400	8,892	2,703	-	-	-	-
b	<b>Total exposure by portfolio</b>	<b>1,320,406</b>	<b>1,342,571</b>	<b>517,605</b>	<b>583</b>	<b>583</b>	<b>1,719</b>	<b>1,006</b>
c	<b>The general reserve for credit losses is \$1,747,000</b>							

**Table 5: Securitisation exposures**

30 June 2018			
	Securitisation activity by exposure type	Total exposures securitised	Regonised gain or loss on sale
		\$'000	\$'000
a	Loans	Nil	Nil
b	<b>Securitisation Exposures</b>	<b>On- balance sheet</b>	<b>off-balance sheet</b>
	Loans	233,728	136