

1 Detailed Capital Disclosures Template (APS 330 Attachment A)

The capital disclosures detailed in the template below represents the post 1 January 2018 Basel III common disclosure requirements. Goulburn Murray Credit Union is applying the Basel III regulatory adjustments in full as implemented by APRA. These tables should be read in conjunction with Regulatory Balance Sheet and the Reconciliation between detailed capital disclosure template and the Regulatory Balance Sheet.

	30 June 18 Basel III APRA	Reconciliation Table Reference
Common Equity Tier 1: instruments & reserves		
1		
2	42,094,226	
3	1,250,173	Table A
4		
5		
6	43,344,399	
Common Equity Tier 1 capital: regulatory adjustments		
7		
8		
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21		
22		
23		
24		
25		
26	961,406	
26a		
26b		
26c		
26d	421,466	Table B
26e	254,293	Table C
26f	270,066	
26g	15,582	Table B
26h		
26i		
26j		
27		
28	961,406	
29	42,382,993	
Additional Tier 1 Capital Instruments		
30		
31		
32		
33		
34		
35		
36		
Additional Tier 1 Capital: regulatory adjustments		
37		
38		
39		

	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	0
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	0
44	Additional Tier 1 capital (AT1)	0
45	Tier 1 Capital (T1=CET1+AT1)	42,382,993
	Tier 2 Capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments	
47	Directly issued capital instruments subject to phase out from Tier 2	
48	Tier 2 instruments issued by subsidiaries and held by third parties	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions	901,032
51	Tier 2 Capital before regulatory adjustments	901,032
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	
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	0
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 consolidations 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	0
58	Tier 2 capital (T2)	901,032
59	Total capital (TC=T1+T2)	43,284,025
60	Total risk weighted assets based on APRA standards	182,112,826
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	23.27%
62	Tier 1 (as a percentage of risk weighted assets)	23.27%
63	Total Capital (as a percentage of risk weighted assets)	23.77%
64	Institution -specific buffer requirement	7.00%
65	of which: capital conservation buffer requirement	2.50%
66	of which: ADI-specific countercyclical buffer requirements	0.00%
67	of which: G-SIB buffer requirement	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	15.50%
	National minima (if different from BASEL III)	
69	National Common Equity Tier 1 minimum ratio	
70	National Tier 1 minimum ratio	
71	National total capital minimum ratio	
	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	
75	Deferred tax assets arising from temporary differences	
	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	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	
	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach	
78	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
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	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 instruments due to cap	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amounts excluded from T2 due to cap	

Table A

1.1 Regulatory Balance Sheet

	30 June 18 Basel III APRA	Template/ Reconciliation Table Reference
Assets		
Cash and cash equivalents	41,334,654	
Loans to other financial institutions	59,043,687	
Receivables	379,566	
Loans and advances	268,743,811	
Other financial assets	437,048	Table B
Investment property	660,000	
Property, plant and equipment	5,138,970	
Deferred tax asset	259,234	Table C
Current tax asset	0	
Intangible assets	270,066	Row 26f
Other	361,643	
Total Assets	376,628,679	
Liabilities		
Deposits	327,565,574	
Short Term Borrowings	-	
Bank overdraft	-	
Payables	3,725,504	
Employee benefits	817,955	
Current tax payable	269,270	
Deferred tax liability	4,941	Table C
Total Liabilities	332,383,244	
Net Assets	44,245,435	
Equity		
Reserves	2,151,206	Table A
Retained Profits	42,094,229	
Total Equity	44,245,435	

1.2 Reconciliation between Detailed Capital Template & Regulatory Balance Sheet

	30 June 2018	Template Reference
Table A		
Accumulated other disclosed reserves		
Asset Revaluation Reserve	1,161,700	Row 3
Member Redemption Reserve	88,473	Row 3
General Reserve for Credit Losses	901,033	Row 50
Total per Balance Sheet	2,151,206	
Table B		
Other Financial Assets		
Equity Investments	421,466	Row 26d
Investments in commercial entities	15,582	Row 26g
Total per Balance Sheet	437,048	
Table C		
Deferred Tax Assets		
Deferred Tax Asset per Balance Sheet	259,234	
Less deferred tax liability per Balance Sheet	-4,941	
Net Deferred Tax Assets	254,293	Row 26e

**Goulburn Murray Credit Union
Capital Adequacy Calculation**

Capital Adequacy	30 June 2018	30 September 2018
Total Risk Weighted Assets for Credit Risk	\$ 161,878,106	\$ 163,223,131
Total Risk Weighted Assets for Market Risk	\$ -	\$ -
Total Risk Weighted Assets for Operational Risk	\$ 20,234,720	\$ 20,234,720
Total Risk Weighted Assets	\$ 182,112,826	\$ 183,457,851
Common Equity Tier 1 Ratio	23.27%	23.42%
Tier 1 Ratio	23.27%	23.42%
Total Capital Adequacy Ratio	23.77%	23.92%

**Goulburn Murray Credit Union
Total Credit Risk Exposure
For the period ending 30 September 2018**

Risk Exposure	Gross Credit Exposure	Average Gross Exposure for the period	Risk Weighted Amounts	Specific Provision	Impaired Assets	Past Due Facilities	Bad Debts Written Off
Cash and Liquid Assets	\$ 107,691,428	\$ 106,922,785	\$ 35,658,860				
Loans and Advances							
-Secured by Eligible Mortgage	\$ 255,759,253	\$ 253,484,888	\$ 98,731,926	\$ 121,776	\$ 2,947,698	\$ -	
-Other Loans & Advances	\$ 16,145,882	\$ 16,161,804	\$ 15,457,190	\$ 19,572	\$ 278,873	\$ -	\$ 613
Direct Credit Substitutes	\$ 302,632	\$ 310,331	\$ 114,231				
Other Commitments	\$ 44,885,473	\$ 44,257,844	\$ 6,941,019				
Plant & Equipment	\$ 5,703,309	\$ 5,717,100	\$ 5,703,309				
Other Investments	\$ 437,048	\$ 437,048	\$ -				
Other Assets	\$ 1,612,344	\$ 2,270,573	\$ 616,598				
Totals	\$ 432,537,369	\$ 429,562,372	\$ 163,223,131	\$ 141,347	\$ 3,226,571	\$ -	\$ 613

General Reserve for Credit Losses **913,978**

**Goulburn Murray Credit Union
Total Credit Risk Exposure
For the period ending 30 June 2018**

Risk Exposure	Gross Credit Exposure	Average Gross Exposure for the period	Risk Weighted Amounts	Specific Provision	Impaired Assets	Past Due Facilities	Bad Debts Written Off
Cash and Liquid Assets	\$ 100,378,341	\$ 99,118,462	\$ 34,213,983				
Loans and Advances							
-Secured by Eligible Mortgage	\$ 252,464,335	\$ 250,372,825	\$ 98,320,285	\$ 36,251	\$ 2,476,810	\$ -	
-Other Loans & Advances	\$ 16,330,282	\$ 16,246,099	\$ 15,565,267	\$ 14,555	\$ 240,987	\$ -	\$ 1,135
Direct Credit Substitutes	\$ 325,730	\$ 225,059	\$ 125,780				
Other Commitments	\$ 43,104,273	\$ 43,533,540	\$ 6,184,462				
Plant & Equipment	\$ 5,798,971	\$ 5,847,944	\$ 5,798,971				
Other Investments	\$ 437,048	\$ 437,048	\$ -				
Other Assets	\$ 2,578,222	\$ 1,881,309	\$ 1,669,358				
Totals	\$ 421,417,201	\$ 417,662,287	\$ 161,878,106	\$ 50,806	\$ 2,717,796	\$ -	\$ 1,135

General Reserve for Credit Losses **901,032**

2. Remuneration (APS 330 Attachment E)

The People and Culture Committee are responsible for overseeing remuneration. This includes conducting regular reviews of, and making recommendations to the Board on the Remuneration Policy; making annual recommendations to the Board on the remuneration of the Chief Executive Officer, direct reports of the Chief Executive Officer, other persons whose activities may, in the People and Culture Committee's opinion, affect the financial soundness of the regulated institution and any other person specified by APRA; and making annual recommendations to the Board on the remuneration of the categories of persons covered by the Remuneration policy. The People and Culture Committee operate in accordance with its written Charter that outlines the Committee's roles, responsibilities and terms of operation.

The members of the People and Culture Committee during the year were:

- Geoff Cobbledick
- Eugenie Stragalinos
- Eileen Curtis
- John Guilmartin – resigned Nov 17
- John Calleja – appointed Dec 17

The People and Culture committee meets at least once a year and as required. The number of meetings during the year and the Committee members' attendance record is disclosed in the table of quantitative disclosure.

During the year, the People and Culture Committee did not engage an external consultant to review and provide advice on the variable remuneration structure for material risk takers

Goulburn Murray Credit Union's Remuneration Policy effective 1 April 2010 was approved by the Board on 17 March 2010. The Remuneration Policy applies to all employees of Goulburn Murray Credit Union.

The People and Culture Committee have reviewed the risks and remuneration structures and consider the following employees material risk takers and senior managers in accordance with CPS510:

	2018	2017
Type of Employee	Number	Number
Senior Managers		
Managers including functions of operational, finance, compliance and lending.	5	5
Material Risk Takers		
Persons subject to significant bonus or performance based remuneration and whose activities, individually or collectively, may affect the financial soundness of the regulated institution.	Nil	Nil

The Remuneration Policy is considered an important component to recruit and retain those who have the necessary skills for the effective and prudent operation and are committed to making a long-term career with Goulburn Murray Credit Union. The Remuneration Policy is designed to ensure:

- The alignment of the Goulburn Murray Credit Union's interest with those of its employees and members
- The Goulburn Murray Credit Union's long-term financial soundness; and
- The support of an effective risk management framework

As detailed in the Remuneration Policy, the structure of the remuneration arrangements comprises the following:

- Fixed Component
- Variable Component

Fixed Component

Fixed component consists of salary, fees, and FBT charges related to employee benefits including motor vehicles, leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually by the People and Culture Committee through a process that considers individual and the overall performance of the Goulburn Murray Credit Union.

Variable Component

Employees have opportunities to participate in variable pay arrangements. Discretionary variable pay is dependent on the achievement of financial objectives as set by Senior Management, outlined in the Budget and approved by the Board.

The variable component is differentiated by performance. With consideration for the expected value of awards, the performance related elements of pay make up a small proportion of the total remuneration for mid management, whilst maintaining an appropriate balance between fixed and variable elements. No bonus structure is available for Senior Managers. Remuneration is structured to provide an opportunity for compensation for higher levels of performance.

The Remuneration Policy allows for performance pay adjustment as a result of adverse unexpected consequences and payment deferral if outcomes cannot yet be reliably measured.

During the year, the People and Culture Committee reviewed the Remuneration Policy and proposed no changes.

Risk and Compliance Staff

The performance and remuneration of risk and compliance staff is assessed according to objectives specific to the roles they undertake. These roles are remunerated with a fixed salary which is reviewed and benchmarked against the industry and internally to ensure that it is set at an appropriate level.

Goulburn Murray Credit Union has developed a risk management framework which describes the type of risks it is prepared to take in executing its strategic plan. However, Goulburn Murray Credit Union does not have a direct link from this risk management framework to the attainment of variable remuneration.

Director	2018		2017	
	Meetings Held	Meeting Attended	Meetings Held	Meetings Attended
Geoff Cobbledick	3	2	3	3
John Guilmartin	-	-	3	3
Eileen Curtis	2	3	3	2
Eugenie Stragalinos	2	3	3	2
John Calleja	2	2	-	-

Remuneration of the People & Culture Committee	2018	2017
Remuneration of the People & Culture Committee as part of Board	\$75,934	\$80,536

The table below presents the number of employees who received variable remuneration, guaranteed bonuses, sign-on awards or termination payments during the financial year:

Variable remuneration, guaranteed bonuses, sign on award and termination payment	2018		2017	
	No of employees	Total (\$)	No of employees	Total (\$)
Variable remuneration award – discretionary bonus	0	-	0	-
Guaranteed Bonus	0	-	0	-
Sign-On Award	0	-	0	-
Termination Payments	0	-	0	-
Total	0	\$ -	0	\$ -

The table below presents total value of remuneration awards for senior managers:

Total value of remuneration awards	2018			2017		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
	\$	\$	\$	\$	\$	\$
Fixed Remuneration						
Cash-based	\$1,136,155	-	\$1,136,115	\$840,337	-	\$840,337
Shares and share linked instruments		-	-	-	-	-
Other	-	-	-	-	-	-
	\$1,136,155	-	\$1,136,155	\$840,337	-	\$840,337
Variable remuneration						
Cash-based	-	-	-	-	-	-
Shares and share linked instruments	-	-	-	-	-	-
Other	-	-	-	-	-	-
	\$1,136,155	-	\$1,136,155	\$840,337	-	\$840,337