

## 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<br>Basel III<br>APRA | Reconciliation<br>Table<br>Reference |
|---|---------------------------------|--------------------------------------|
| <b>Common Equity Tier 1: instruments &amp; reserves</b>     |                                 |                                      |
| 1   |                                 |                                      |
| 2   | 42,094,226                      |                                      |
| 3   | 1,250,173                       | Table A                              |
| 4   |                                 |                                      |
| 5   |                                 |                                      |
| 6   | <b>43,344,399</b>               |                                      |
| <b>Common Equity Tier 1 capital: regulatory adjustments</b> |                                 |                                      |
| 7   |                                 |                                      |
| 8   |                                 |                                      |
| 9   |                                 |                                      |
| 10  |                                 |                                      |
| 11  |                                 |                                      |
| 12  |                                 |                                      |
| 13  |                                 |                                      |
| 14  |                                 |                                      |
| 15  |                                 |                                      |
| 16  |                                 |                                      |
| 17  |                                 |                                      |
| 18  |                                 |                                      |
| 19  |                                 |                                      |
| 20  |                                 |                                      |
| 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  | <b>961,406</b>                  |                                      |
| 29  | <b>42,382,993</b>               |                                      |
| <b>Additional Tier 1 Capital Instruments</b>                |                                 |                                      |
| 30  |                                 |                                      |
| 31  |                                 |                                      |
| 32  |                                 |                                      |
| 33  |                                 |                                      |
| 34  |                                 |                                      |
| 35  |                                 |                                      |
| 36  |                                 |                                      |
| <b>Additional Tier 1 Capital: regulatory adjustments</b>    |                                 |                                      |
| 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  |
|     | <b>Tier 2 Capital: instruments and provisions</b>  |             |
| 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 |
|     | <b>Capital ratios and buffers</b>  |             |
| 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%      |
|     | <b>National minima (if different from BASEL III)</b>   |             |
| 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   |             |
|     | <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   |             |
| 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  |             |
|     | <b>Capital instruments subject to phase out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>   |             |
| 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<br>Basel III<br>APRA | Template/<br>Reconciliation<br>Table<br>Reference |
|---------------------------------------|---------------------------------|---|
| <b>Assets</b>                         |                                 |   |
| 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                         |   |
| <b>Total Assets</b>                   | <b>376,628,679</b>              |   |
| <b>Liabilities</b>                    |                                 |   |
| 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   |
| <b>Total Liabilities</b>              | <b>332,383,244</b>              |   |
| <b>Net Assets</b>                     | <b>44,245,435</b>               |   |
| <b>Equity</b>                         |                                 |   |
| Reserves                              | 2,151,206                       | Table A   |
| Retained Profits                      | 42,094,229                      |   |
| <b>Total Equity</b>                   | <b>44,245,435</b>               |   |

## 1.2 Reconciliation between Detailed Capital Template & Regulatory Balance Sheet

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

**Goulburn Murray Credit Union  
Capital Adequacy Calculation**

| <b>Capital Adequacy</b>                         | <b>31 December 2018</b> | <b>31 March 2019</b> |
|---|-------------------------|----------------------|
| Total Risk Weighted Assets for Credit Risk      | \$ 165,708,956          | \$ 167,055,071       |
| Total Risk Weighted Assets for Market Risk      | \$ -                    | \$ -                 |
| Total Risk Weighted Assets for Operational Risk | \$ 21,061,934           | \$ 21,061,934        |
| Total Risk Weighted Assets                      | \$ 186,770,890          | \$ 188,117,005       |
| Common Equity Tier 1 Ratio                      | 23.30%                  | 23.45%               |
| Tier 1 Ratio                                    | 23.30%                  | 23.45%               |
| <b>Total Capital Adequacy Ratio</b>             | <b>23.80%</b>           | <b>23.94%</b>        |

**Goulburn Murray Credit Union  
Total Credit Risk Exposure  
For the period ending 31 March 2019**

| 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        | \$ 97,568,258         | \$ 99,502,477                         | \$ 34,448,025         |                    |                     |                     |                       |
| Loans and Advances            |                       |                                       |                       |                    |                     |                     |                       |
| -Secured by Eligible Mortgage | \$ 267,260,762        | \$ 265,018,482                        | \$ 102,232,684        | \$ 298,758         | \$ 3,121,573        | \$ -                |                       |
| -Other Loans & Advances       | \$ 17,078,222         | \$ 17,281,742                         | \$ 16,477,503         | \$ 29,842          | \$ 94,016           | \$ -                | \$ 1,514              |
| Direct Credit Substitutes     | \$ 292,632            | \$ 292,632                            | \$ 109,231            |                    |                     |                     |                       |
| Other Commitments             | \$ 46,660,762         | \$ 45,538,743                         | \$ 7,865,254          |                    |                     |                     |                       |
| Plant & Equipment             | \$ 5,608,750          | \$ 5,619,504                          | \$ 5,608,750          |                    |                     |                     |                       |
| Other Investments             | \$ 437,048            | \$ 437,048                            | \$ -                  |                    |                     |                     |                       |
| Other Assets                  | \$ 1,173,056          | \$ 1,295,031                          | \$ 313,624            |                    |                     |                     |                       |
| <b>Totals</b>                 | <b>\$ 436,079,489</b> | <b>\$ 434,985,659</b>                 | <b>\$ 167,055,071</b> | <b>\$ 328,600</b>  | <b>\$ 3,215,589</b> | <b>\$ -</b>         | <b>\$ 1,514</b>       |

General Reserve for Credit Losses **936,004**

**Goulburn Murray Credit Union  
Total Credit Risk Exposure  
For the period ending 31 December 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        | \$ 103,017,562        | \$ 105,506,181                        | \$ 34,284,518         |                    |                     |                     |                       |
| Loans and Advances            |                       |                                       |                       |                    |                     |                     |                       |
| -Secured by Eligible Mortgage | \$ 262,332,966        | \$ 260,481,211                        | \$ 100,787,531        | \$ 211,656         | \$ 2,341,218        | \$ -                |                       |
| -Other Loans & Advances       | \$ 17,329,559         | \$ 16,848,714                         | \$ 16,654,891         | \$ 26,166          | \$ 170,846          | \$ -                | \$ 1,871              |
| Direct Credit Substitutes     | \$ 292,632            | \$ 299,298                            | \$ 109,231            |                    |                     |                     |                       |
| Other Commitments             | \$ 46,048,999         | \$ 45,929,669                         | \$ 7,843,542          |                    |                     |                     |                       |
| Plant & Equipment             | \$ 5,658,727          | \$ 5,669,481                          | \$ 5,658,727          |                    |                     |                     |                       |
| Other Investments             | \$ 437,048            | \$ 437,048                            | \$ -                  |                    |                     |                     |                       |
| Other Assets                  | \$ 1,313,228          | \$ 1,372,312                          | \$ 370,516            |                    |                     |                     |                       |
| <b>Totals</b>                 | <b>\$ 436,430,720</b> | <b>\$ 436,543,915</b>                 | <b>\$ 165,708,956</b> | <b>\$ 237,821</b>  | <b>\$ 2,512,064</b> | <b>\$ -</b>         | <b>\$ 1,871</b>       |

General Reserve for Credit Losses **930,543**

## 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:

|   | <b>2018</b>   | <b>2017</b>   |
|---|---------------|---------------|
| <b>Type of Employee</b>   | <b>Number</b> | <b>Number</b> |
| <b>Senior Managers</b>  |               |               |
| Managers including functions of operational, finance, compliance and lending.   | 5             | 5             |
| <b>Material Risk Takers</b>   |               |               |
| 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               | -           |
| <b>Total</b>   | <b>0</b>        | <b>\$ -</b> | <b>0</b>        | <b>\$ -</b> |

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                               | -                  | -        | -                  | -                | -        | -                |
|                                     | <b>\$1,136,155</b> | <b>-</b> | <b>\$1,136,155</b> | <b>\$840,337</b> | <b>-</b> | <b>\$840,337</b> |
| Variable remuneration               |                    |          |                    |                  |          |                  |
| Cash-based                          | -                  | -        | -                  | -                | -        | -                |
| Shares and share linked instruments | -                  | -        | -                  | -                | -        | -                |
| Other                               | -                  | -        | -                  | -                | -        | -                |
|                                     | <b>\$1,136,155</b> | <b>-</b> | <b>\$1,136,155</b> | <b>\$840,337</b> | <b>-</b> | <b>\$840,337</b> |