

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 19 Basel III APRA	Reconciliation Table Reference
Common Equity Tier 1: instruments & reserves		
1		
2	44,551,828	
3	2,127,809	Table A
4		
5		
6	46,679,637	
Common Equity Tier 1 capital: regulatory adjustments		
7		
8		
9		
10		
11		
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13		
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18		
19		
20		
21		
22		
23		
24		
25		
26	961,406	
26a		
26b		
26c		
26d	893,190	Table B
26e	83,462	Table C
26f	200,395	
26g	111,288	Table B
26h		
26i		
26j		
27		
28	1,288,335	
29	45,391,302	
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)	45,391,302
	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	945,819
51	Tier 2 Capital before regulatory adjustments	945,819
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)	945,819
59	Total capital (TC=T1+T2)	46,337,121
60	Total risk weighted assets based on APRA standards	192,495,266
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	23.58%
62	Tier 1 (as a percentage of risk weighted assets)	23.58%
63	Total Capital (as a percentage of risk weighted assets)	24.07%
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 19 Basel III APRA	Template/ Reconciliation Table Reference
Assets		
Cash and cash equivalents	56,538,462	
Loans to other financial institutions	52,085,972	
Receivables	270,887	
Loans and advances	285,789,017	
Other financial assets	1,004,478	Table B
Investment property	685,000	
Property, plant and equipment	5,333,374	
Deferred tax asset	258,111	Table C
Current tax asset	0	
Intangible assets	200,395	Row 26f
Other	518,242	
Total Assets	402,683,938	
Liabilities		
Deposits	350,251,301	
Short Term Borrowings	-	
Bank overdraft	-	
Payables	3,857,401	
Employee benefits	684,296	
Current tax payable	255,594	
Deferred tax liability	174,649	Table C
Total Liabilities	355,223,241	
Net Assets	47,460,697	
Equity		
Reserves	2,908,865	Table A
Retained Profits	44,551,832	
Total Equity	47,460,697	

1.2 Reconciliation between Detailed Capital Template & Regulatory Balance Sheet

	30 June 2019	Template Reference
Table A		
Accumulated other disclosed reserves		
Asset Revaluation Reserve	1,469,646	Row 3
Member Redemption Reserve	90,733	Row 3
Financial Asset Reserve	567,430	Row 3
General Reserve for Credit Losses	945,819	Row 50
Less Deferred Tax re: asset revaluation	(164,763)	
Total per Balance Sheet	2,908,865	
Table B		
Other Financial Assets		
Equity Investments	893,190	Row 26d
Investments in commercial entities	111,288	Row 26g
Total per Balance Sheet	1,004,478	
Table C		
Deferred Tax Assets		
Deferred Tax Asset per Balance Sheet	258,111	
Less deferred tax liability per Balance Sheet	-174,649	
Net Deferred Tax Assets	83,462	Row 26e

**Goulburn Murray Credit Union
Capital Adequacy Calculation**

Capital Adequacy	31 March 2019		30 June 2019	
Total Risk Weighted Assets for Credit Risk	\$	167,055,071	\$	170,527,412
Total Risk Weighted Assets for Market Risk	\$	-	\$	-
Total Risk Weighted Assets for Operational Risk	\$	21,061,934	\$	21,967,875
Total Risk Weighted Assets	\$	188,117,005	\$	192,495,286
Common Equity Tier 1 Ratio		23.45%		23.58%
Tier 1 Ratio		23.45%		23.58%
Total Capital Adequacy Ratio		23.94%		24.07%

**Goulburn Murray Credit Union
Total Credit Risk Exposure
For the period ending 30 June 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	\$ 108,624,434	\$ 103,187,869	\$ 36,041,588				
Loans and Advances							
-Secured by Eligible Mortgage	\$ 268,915,135	\$ 265,569,939	\$ 102,715,764	\$ 199,414	\$ 2,639,010	\$ -	
-Other Loans & Advances	\$ 17,014,805	\$ 17,260,604	\$ 16,634,664	\$ 35,354	\$ 93,380	\$ -	\$ 2,427
Direct Credit Substitutes	\$ 292,632	\$ 292,632	\$ 109,231				
Other Commitments	\$ 48,416,759	\$ 46,124,075	\$ 8,489,549				
Plant & Equipment	\$ 6,018,374	\$ 5,756,046	\$ 6,018,374				
Other Investments	\$ 1,004,478	\$ 626,191	\$ -				
Other Assets	\$ 1,247,636	\$ 1,319,891	\$ 518,242				
Totals	\$ 451,534,253	\$ 440,137,247	\$ 170,527,412	\$ 234,768	\$ 2,732,390	\$ -	\$ 2,427

General Reserve for Credit Losses **945,819**

**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				
Totals	\$ 436,079,489	\$ 434,985,659	\$ 167,055,071	\$ 328,600	\$ 3,215,589	\$ -	\$ 1,514

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

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 Calleja – resigned November 2018
- Fiona Merrylees – appointed November 2018

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.

When making recommendations regarding remuneration for senior manager and material risk takers, the People & Culture Committee takes into account information consistent with the nature and complexity of GMCU's operations, the current risk environment in which GMCU operate and the relatively limited availability of variable remuneration as part of GMCU's remuneration structures. This information may include industry benchmarking and may extend to the engagement of external consultants to review and provide advice regarding GMCU's remuneration structures.

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 is subject to regular review. The Policy was reviewed by the People & Culture Committee and recommended to the Board in April 2019, with the Board adopting the current Policy effective 1 May 2019. The Remuneration Policy applies to all senior managers and any material risk takers identified by Goulburn Murray Credit Union.

The objective of GMCU's Remuneration Policy is to:

- 'support the design of remuneration packages that promote the long term financial soundness of GMCU; sustainable, compliant and prudent management practices; attraction and retention of high quality, motivated and engaged employees; and the achievement of GMCU's strategic objectives'.

The key changes made at the most recent review of GMCU's Remuneration Policy were to:

- Apply the recently revised Board policy template, which incorporates elements covering accountability, responsibilities, review and audit, reference to the 'three lines of defence' risk management model, and related policy and procedures as standard policy inclusions;
- Changes required as a result of the implementation of the Bank Executive Accountability Regime ('BEAR'), including clarification of the scope and application of the policy.

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:

	2019	2018
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

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, which in all instances make up a small proportion of total remuneration arrangements. Discretionary variable pay is dependent on the achievement of particular objectives that seek to achieve an appropriate balance between member and strategic outcomes. At all times these variable components are able to be adjusted to zero or deferred if required to protect the financial soundness of GMCU; respond to any significant, unexpected or unintended consequences that were not foreseen when the payments were set; or should certain risk and compliance obligations not have been met.

No ongoing bonus structure is available for senior managers or other material risk takers. Remuneration is structured to provide an opportunity for compensation for higher levels of performance.

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. The performance of the Chief Risk & Compliance Officer is subject to direct review and input by the Board Risk Committee.

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. The ability to reduce all variable remuneration components to zero in the event of unsatisfactory implementation or compliance with this framework provides a direct link between risk outcomes and variable remuneration.

Director	2019		2018	
	Meetings Held	Meeting Attended	Meetings Held	Meetings Attended
Eugenie Stragalinos	4	4	3	3
Geoff Cobbledick	4	4	3	2
Fiona Merrylees	3	2	-	-
Eileen Curtis	4	3	3	3
John Calleja	1	1	2	2

Remuneration of the People & Culture Committee	2019	2018
Remuneration of the People & Culture Committee as part of Board	\$78,017	\$75,934

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	2019		2018	
	No of employees	Total (\$)	No of employees	Total (\$)
Variable remuneration award – discretionary bonus	-	-	-	-
Guaranteed Bonus	-	-	-	-
Sign-On Award	-	-	-	-
Termination Payments	-	-	-	-
Total	-	-	-	-

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

Total value of remuneration awards	2019			2018		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
	\$	\$	\$	\$	\$	\$
Fixed Remuneration						
Cash-based	\$1,103,633	-	\$1,103,633	\$1,136,155	-	\$1,136,115
Shares and share linked instruments		-			-	-
Other		-			-	-
	\$1,103,633	-	\$1,103,633	\$1,136,155	-	\$1,136,155
Variable remuneration						
Cash-based	-	-	-		-	
Shares and share linked instruments	-	-	-		-	
Other	-	-	-		-	
	-	-	-		-	
	\$1,103,633	-	\$1,103,633	\$1,136,155	-	\$1,136,155