

## REMUNERATION DISCLOSURES

AS AT 30<sup>TH</sup> JUNE 2022

### Updated Annually

The Corporate Governance & Remuneration Committee is 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 General Manager and Assistant General Manager, direct reports of the General Manager, other persons whose activity, may, in the Corporate Governance Committee's opinion, affect the financial soundness of The Broken Hill Community Credit Union Ltd and any other person specified by APRA. The Corporate Governance & Remuneration Committee operates in accordance with its terms of reference which outline the Committee's roles, responsibilities and terms of operation.

The Corporate Governance & Remuneration Committee meets at least two times a year and as required.

The independent non-executive members of the Corporate Governance & Remuneration Committee, and their attendance at meetings during the year is listed below:

Director	No. of Meetings Held	No. of Meetings Attended
Allan Carter	2	2
Lorelle Emmett	2	2
Diana Ferry	2	2
Judi Hoare	2	2

The Broken Hill Community Credit Union Ltd's Remuneration Policy, approved by the Board in August 2018, applies to all employees of The Broken Hill Community Credit Union Ltd. The Corporate Governance & Remuneration Committee has reviewed the risks and remuneration structures and considers the following employees as material risk takers and Senior Managers in accordance with CPS510:

Types of Employees	Number
<b>Senior Managers</b>	
General Manager	1
Senior Manager	2
<b>Material Risk Takers</b>	
Home Loan Advisors (Home Loan lending limit)	1

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

- Fixed component
- Performance-based component

### **Fixed Component**

Fixed remuneration consists of salary and any FBT charges related to employee benefits including motor vehicles, leave entitlements and employer contributions to super funds.

Fixed remuneration also consists of wages paid according to the Banking, Finance and Insurance Modern Award.

The General Manager, Assistant General Manager and other Senior Managers do not receive any performance related bonuses or incentives.

### **Performance-Based Component**

All other employees, including material risk takers, are eligible to receive performance incentives.

The Board have elected an rewards and recognition program where Management assess an individual and/ or team performance, based on the extent of commitment to core values and the achievement of Strategic Key Performance Indicators and goals and objectives of The Broken Hill Community Credit Union Ltd.

The determination of performance incentives under the rewards and recognition program is based on profitability and other relevant KPI's. Non-financial metrics include compliance with risk management frameworks, adherence to corporate values, and other performance indicators. The Corporate Governance & Remuneration Committee retains discretion to recommend to the Board variations to the Employee Rewards and Recognition Program, including whether any performance incentive is paid based on non-achievement of strategic KPI's.

### **Risk & Compliance Manager**

The performance and remuneration of the Risk & Compliance Manager is assessed according to the objectives specific to the role they undertake. The Risk & Compliance Manager remains independent of other operational business units and reports directly to the General Manager. Remuneration is reviewed and benchmarked against the market to ensure that it is set at an appropriate level.

The Risk & Compliance Manager does not receive any performance related bonuses or incentives.

## Remuneration

During the year the Corporate Governance & Remuneration Committee met 2 times. Committee members are not paid further remuneration in addition to their remuneration as non-executive Directors. The remuneration paid to the Corporate Governance & Remuneration Committee members (as Directors) is as followings:

<b>Remuneration (inclusive of superannuation)</b>	<b>2022</b>
Corporate Governance & Remuneration Committee (independent non-executive Directors)	\$48,490

The table below represents the total remuneration for Senior Managers (including the General Manager, Risk & Compliance Manager & Business Development Manager):

<b>Total Value or Remuneration for the current financial year</b>	<b>2022</b>
<b>Fixed component</b>	
Cash-based	\$396,384
Other - superannuation	\$40,403
Performance-based component	Nil

The table below present total value of remuneration for material risk takers (ie: loan advisors with Home Loan lending approval limits):

<b>Total Value or Remuneration for the current financial year</b>	<b>2022</b>
<b>Fixed component</b>	
Cash-based	\$84,030
Other - superannuation	\$8,338
Performance-based component	Nil

**COMMON DISCLOSURE TEMPLATE**

**AS AT 30 JUNE 2022**

**Updated Annually**



The Broken Hill Community Credit Union is applying the Basel III regulatory adjustments in full as implemented by APRA under APS 330, the capital disclosures as detailed in the Common Disclosure template below represent the post 1 January 2018 common disclosure requirements

Common Equity Tier 1 Capital: Instruments and reserves		\$
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	N/A
2	Retained earnings	8,009,804
3	Accumulated other comprehensive income (and other reserves)	721,448
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>8,731,252</b>
Common Equity Tier 1 Capital: regulatory adjustments		
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	715,517
26a	of which: treasury shares	N/A
26b	issued by the ADI	N/A
26c	of which: deferred fee income	N/A
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	489,049
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	9,827
26f	of which: capitalised expenses	113,999
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>612,875</b>
29	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>8,118,377</b>
Additional Tier 1 Capital: Instruments		
36	<b>Additional Tier 1 Capital before regulatory adjustments</b>	<b>0</b>
Additional Tier 1 Capital: Regulatory adjustments		
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>0</b>
44	<b>Additional Tier 1 capital (AT1)</b>	<b>0</b>
45	<b>Tier 1 Capital (T1=CET1+AT1)</b>	<b>8,118,377</b>
Tier 2 Capital: Instruments and provisions		
50	Provisions	188,382
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>188,382</b>
Tier 2 Capital: Regulatory adjustments		
57	<b>Total regulatory adjustments to Tier 2 Capital</b>	<b>0</b>
58	<b>Tier 2 capital (T2)</b>	<b>188,382</b>
59	<b>Total Capital (TC=T1+T2)</b>	<b>8,306,759</b>
60	<b>Total risk-weighted assets based on APRA Standards</b>	<b>46,557,461</b>
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	17.44%
62	Tier 1 (as a percentage of risk-weighted assets)	17.44%
63	Total capital (as a percentage of risk-weighted assets)	17.84%
64	Buffer requirement ( minimum CET1 requirement 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	of which: capital conservation buffer requirement	2.50%
66	of which: ADI-specific countercyclical buffer requirements	N/A
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)	10.44%
Amount below thresholds for deductions (not risk-weighted)		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	188,382

**REGULATORY CAPITAL DISCLOSURE RECONCILIATION**

**AS AT 30 JUNE 2022**

**Updated Annually**

Assets	\$
Cash and cash equivalents	7,052,192
Trade and other receivables	301,987
Loans and advances	61,593,636
Investments	32,511,191
Property, plant and equipment	4,566,130
Deferred tax assets	389,227
Current Tax Benefit	0
Other financial assets	489,049
<b>Total Assets</b>	<b>106,903,412</b>
Liabilities	
Deposits	105,327,149
Trade and other payables	792,940
Deferred tax liabilities	379,400
Employee benefits	403,922
<b>Total Liabilities</b>	<b>106,903,411</b>
<b>Net Assets</b>	<b>1</b>
Equity	
General reserve for credit losses	188,382
Asset revaluation reserve	165,000
Other equity reserves	126,670
Retained earnings	8,009,804
<b>Total Equity</b>	<b>8,489,856</b>

**CAPITAL ADEQUACY****Updated Quarterly**

	As at 31/12/2022	As at 30/09/2022
<b>Credit Risk (in terms of risk weighted assets by portfolio)</b>	\$	\$
<b>On Balance Sheet</b>		
Deposits with Banks and ADIs	4,128,313	4,381,888
Loans and Advances:		
Loans secured by residential mortgage	22,266,729	20,586,453
Other member loans	3,817,938	3,822,108
Other assets	8,463,108	9,018,650
<b>Off Balance Sheet</b>		
Commitments for loans and advances	743,182	827,154
<b>Total Credit Risk (risk weighted assets)</b>	<b>42,002,355</b>	<b>41,250,388</b>
<b>Market Risk</b>	0	0
<b>Operational Risk</b>	5,715,055	5,478,789
<b>Total Risk Weighted Assets</b>	<b>47,717,411</b>	<b>46,729,177</b>
<b>Common Equity Tier 1 ratio</b>	16.80%	17.07%
<b>Tier 1 Capital Ratio</b>	16.80%	17.07%
<b>Total Capital Ratio</b>	17.20%	17.47%

## CREDIT RISK EXPOSURES

### Updated Quarterly

#### Credit Risk Exposure As at 31st December 2022

Type of Credit Exposure	% of Total Assets	Gross Credit Risk	Quarterly Average Gross Exposure	Amount Impaired	Amount Past Due 90 days	Specific Provision	Charges for Specific Provision	Amount Written off YTD
Loans and Advances to Members								
* Secured loans and advances	56.42%	\$61,349,513	\$60,843,848	\$0	\$17,542	\$17,542		\$0
* Unsecured loans and advances	3.59%	\$3,906,715	\$4,028,615	\$19,501		\$19,501	\$0	\$0
<b>Total Loans and Advances to Members</b>	<b>60.01%</b>	<b>\$65,256,228</b>	<b>\$64,872,463</b>	<b>\$19,501</b>	<b>\$17,542</b>	<b>\$37,043</b>	<b>\$0</b>	<b>\$0</b>
Liquidity Investments placed with Other Financial Institutions								
* Banks Deposits	21.59%	\$23,470,575	\$22,487,512					
* Deposits with Cuscal	6.88%	\$7,485,554	\$6,443,234					
* Other ADI Deposits	5.98%	\$6,500,000	\$6,500,000					
<b>Total Liquidity Investments placed with Other Financial Institutions</b>	<b>34.45%</b>	<b>\$37,456,129</b>	<b>\$35,430,746</b>					
Cash and cash equivalent	3.52%	\$3,828,217	\$5,796,041					
Property Plant & Equipment	4.19%	\$4,556,388	\$4,673,009					
General Reserve for Credit Losses	0.17%	\$188,382	\$188,382					

#### Credit Risk Exposure As at 30 June 2022

Type of Credit Exposure	% of Total Assets	Gross Credit Risk	Quarterly Average Gross Exposure	Amount Impaired	Amount Past Due 90 days	Specific Provision	Charges for Specific Provision	Amount Written off YTD
Loans and Advances to Members								
* Secured loans and advances	58.23%	\$57,556,631	\$56,684,581	\$0	\$25,814	\$25,814		
* Unsecured loans and advances	3.71%	\$4,220,406	\$3,728,541	\$3,187		\$3,187	\$0	\$0
<b>Total Loans and Advances to Members</b>	<b>61.94%</b>	<b>\$61,777,037</b>	<b>\$60,413,122</b>	<b>\$3,187</b>	<b>\$25,814</b>	<b>\$29,001</b>	<b>\$72,363</b>	<b>\$41,161</b>
Liquidity Investments placed with Other Financial Institutions								
* Banks Deposits	9.97%	\$21,134,306	\$22,546,211					
* Deposits with Cuscal	9.92%	\$3,998,305	\$4,834,859					
* Other ADI Deposits	0.62%	\$9,000,000	\$9,500,000					
<b>Total Liquidity Investments placed with Other Financial Institutions</b>	<b>20.50%</b>	<b>\$16,558,463</b>	<b>\$17,623,327</b>					
Cash and cash equivalent	1.26%	\$2,192,192	\$3,465,852					
Property Plant & Equipment	6.18%	\$4,566,130	\$4,417,652					
General Reserve for Credit Losses	0.22%	\$188,382	\$188,382					

The Broken Hill Community Credit Union Limited

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