

REMUNERATION DISCLOSURES

AS AT 30TH JUNE 2020

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 three 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	1	1
Lorelle Emmett	1	1
Diana Ferry	1	1

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
Senior Managers	
General Manager	1
Assistant General Manager	1
Senior Manager	2
Material Risk Takers	
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 3 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:

Remuneration (inclusive of superannuation)	2020
Corporate Governance & Remuneration Committee (independent non-executive Directors)	\$35,475

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

Total Value or Remuneration for the current financial year	2020
Fixed component	
Cash-based	\$879,980
Other - superannuation	\$51,753
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):

Total Value or Remuneration for the current financial year	2020
Fixed component	
Cash-based	\$80,000
Other - superannuation	\$7,600
Performance-based component	Nil

COMMON DISCLOSURE TEMPLATE

AS AT 30 JUNE 2020

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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		\$
2	Retained earnings	7,666,112
3	Accumulated other comprehensive income (and other reserves)	471,018
6	Common Equity Tier 1 capital before regulatory adjustments	8,137,130
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)	729,159
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	427,182
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	160,022
26f	of which: capitalised expenses	141,955
28	Total regulatory adjustments to Common Equity Tier 1	729,159
29	Common Equity Tier 1 Capital (CET1)	7,407,971
Additional Tier 1 Capital: Instruments		
36	Additional Tier 1 Capital before regulatory adjustments	0
Additional Tier 1 Capital: Regulatory adjustments		
43	Total regulatory adjustments to Additional Tier 1 capital	0
44	Additional Tier 1 capital (AT1)	0
45	Tier 1 Capital (T1=CET1+AT1)	7,407,971
Tier 2 Capital: Instruments and provisions		
50	Provisions	182,314
51	Tier 2 capital before regulatory adjustments	182,314
Tier 2 Capital: Regulatory adjustments		
57	Total regulatory adjustments to Tier 2 Capital	0
58	Tier 2 capital (T2)	182,314
59	Total Capital (TC=T1+T2)	7,590,285
60	Total risk-weighted assets based on APRA Standards	43,494,779
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	17.03%
62	Tier 1 (as a percentage of risk-weighted assets)	17.03%
63	Total capital (as a percentage of risk-weighted assets)	17.45%
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%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	10.03%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	N/A
70	National Tier 1 minimum ratio (if different from Basel III minimum)	N/A
71	National total capital minimum ratio (if different from Basel III minimum)	N/A
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)	193,380

REGULATORY CAPITAL DISCLOSURE RECONCILIATION

AS AT 30 JUNE 2020

Updated Annually

Assets	\$
Cash and cash equivalents	4,698,349
Trade and other receivables	293,073
Loans and advances	60,674,755
Investments	16,523,695
Property, plant and equipment	4,755,500
Deferred tax assets	401,770
Current Tax Benefit	-40,012
Other financial assets	427,182
Total Assets	87,734,312
Liabilities	
Deposits	84,512,077
Trade and other payables	901,855
Deferred tax liabilities	241,748
Employee benefits	512,918
Total Liabilities	86,168,598
Net Assets	1,565,714
Equity	
General reserve for credit losses	186,627
Asset revaluation reserve	161,000
Other equity reserves	211,553
Retained earnings	7,642,303
Total Equity	8,201,483

CAPITAL ADEQUACY**Updated Quarterly**

	As at 31/03/2021	As at 30/06/2020
Credit Risk (in terms of risk weighted assets by portfolio)	\$	\$
On Balance Sheet		
Deposits with Banks and ADIs	4,449,295	3,366,187
Loans and Advances:		
Loans secured by residential mortgage	21,458,588	21,673,153
Other member loans	3,713,200	4,962,805
Other assets	5,604,222	3,424,398
Off Balance Sheet		
Commitments for loans and advances	178,954	545,251
Total Credit Risk (risk weighted assets)	37,974,494	36,972,775
Market Risk	0	0
Operational Risk	5,005,302	5,062,166
Total Risk Weighted Assets	42,979,796	42,034,941
Common Equity Tier 1 ratio	17.19%	17.99%
Tier 1 Capital Ratio	17.19%	17.99%
Total Capital Ratio	17.64%	18.43%

CREDIT RISK EXPOSURES

Updated Quarterly

Credit Risk Exposure As at 31 March 2021

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	72.35%	\$59,929,562	\$56,976,568	\$0	\$130,253	\$0		\$0
* Unsecured loans and advances	5.06%	\$4,191,374	\$3,828,956	\$40,915		\$35,627	\$2,275	\$0
Total Loans and Advances to Members	77.41%	\$64,120,936	\$60,805,524	\$40,915	\$130,253	\$35,627	\$2,275	\$0
Liquidity Investments placed with Other Financial Institutions								
* Banks Deposits	18.92%	\$15,675,961	\$14,428,305					
* Deposits with Cuscal	5.26%	\$4,359,975	\$5,959,830					
* Other ADI Deposits	3.02%	\$2,500,000	\$1,166,667					
Total Liquidity Investments placed with Other Financial Institutions	27.21%	\$22,535,936	\$21,554,802					
Cash and cash equivalent	3.67%	\$3,036,705	\$2,123,309					
Property Plant & Equipment	5.64%	\$4,674,323	\$4,706,625					
General Reserve for Credit Losses	0.23%	\$192,390	\$190,799					

Credit Risk Exposure As at 30 June 2020

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	67.34%	\$56,816,591	\$56,042,951	\$0	\$324,915	\$0		
* Unsecured loans and advances	4.91%	\$3,587,846	\$3,758,549	\$44,955		\$40,919	\$72,363	\$2,793
Total Loans and Advances to Members	72.25%	\$60,404,437	\$59,801,500	\$44,955	\$324,915	\$40,919	\$72,363	\$41,161
Liquidity Investments placed with Other Financial Institutions								
* Banks Deposits	9.97%	\$8,023,377	\$9,367,935					
* Deposits with Cuscal	9.92%	\$5,248,484	\$6,192,600					
* Other ADI Deposits	0.62%	\$500,000	\$833,333					
Total Liquidity Investments placed with Other Financial Institutions	20.50%	\$16,558,463	\$17,623,327					
Cash and cash equivalent	1.26%	\$1,015,279	\$2,896,767					
Property Plant & Equipment	6.18%	\$4,992,441	\$4,810,731					
General Reserve for Credit Losses	0.22%	\$177,436	\$185,020					

The Broken Hill Community Credit Union Limited

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