The information in this report is prepared quarterly based on the ADI financial records. The financial records are not audited for the Quarters ending 30 September, 31 December, and 31 March.

The report as at the 30 June is based on financial statements as audited as at the 30 June 2014.

1. Detailed Capital Disclosure Template (APS 330 Attachment A)

The details of the components of the capital base are set out below as at the financial year ended 30 June 2014.

The following table 1 sets out the elements of the capital held by CMCU including the reconciliation of any adjustments required by the APRA Prudential Standards to the audited financial statements. Adjustments are usually in the form of deductions of assets not regarded as recoverable in the short term (such as intangible assets and deferred tax assets), and/or discounts made to eligible capital of a short term nature. Central Murray Credit Union (CMCU) is using the post 1 January 2018 common disclosure template as it is fully applying the Basel III regulatory adjustments as implemented by APRA.

Table 1: Detailed Capital Disclosure Template (APS 330 Attachment A)

		30th June 2014 $	Reconciliation Table Reference
	Common Equity Tier 1 : Instruments & Reserves		
1	Directly issued qualifying ordinary shares		
2	Retained Earnings including current year earnings	4,236,381	
3	Accumulated other disclosed reserves	917,507	Table A
4	Directly issued capital subject to phase out from CET1		
5	Ordinary share capital issued by subsidiaries and held by third parties		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**5,153,888**	
	Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustment		
8	Goodwill (net of related tax liability)		
9	Other intangibles other than mortgage servicing rights	88,361	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences		
11	Cash-flow hedge reserve		
12	Shortfall of provision to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined benefits superannuation fund net assets		
16	Investments in own shares		
17	Reciprocal cross-holdings in common equity		
18	Investments in the 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	125,516	Table B
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions		
20	Mortgage service rights		
21	Deferred tax assets arising from temporary differences		
22	Amount exceeding the 15% threshold		
23	of which : significant investments in the ordinary shares of financial assets		
24	of which : mortgage servicing rights		
25	of which : deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments	14,397	
26a	of which : treasury shares		
26b	of which : offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI		
26c	of which : deferred fee income		

26d	of which : equity investments in financial institutions not reported in rows 18,19 and 23		
26e	of which : deferred tax assets not reported in rows 10, 21 and 25	9,824	Table C
26f	of which : capitalised expenses		
26g	of which : investments in commercial (non financial) entities that are deducted under APRA prudential requirements	4,573	Table B
26h	of which : covered bonds in excess of asset cover in pools		
26i	of which : under capitalisation of a non-consolidated subsidiary		
26j	of which : other national specific regulatory adjustments not reported in rows 26a to 26i		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	**Total regulatory adjustments to Common Equity Tier 1**	**228,274**	
29	**Common Equity tier 1 Capital (CET1)**	**4,925,613**	
	Additional Tier 1 Capital Instruments		
30	Directly issued qualifying Additional Tier 1 instruments		
31	of which : classified as equity under applicable accounting standards		
32	of which : classified as liabilities under applicable accounting standards		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments issued by subsidiaries and held by third parties		
35	of which : instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 Capital before regulatory adjustments		
	Additional Tier 1 Capital : regulatory adjustments		
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital 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 issued share capital (amount above 10% threshold)		
40	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions		
41	National specific regulatory adjustments	-	
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**	-	
44	**Additional Tier 1 Capital (AT1)**	-	
45	**Tier 1 Capital (T1=CET1+AT1)**	**4,925,613**	
	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	173,094	Table A
51	**Tier 2 Capital before regulatory adjustments**	**173,094**	
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	-	
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**	**-**
58	**Tier 2 capital (T2)**	**173,094**
59	**Total capital (TC=T1+T2)**	**5,098,707**
60	**Total risk weighted asserts based on APRA standards**	**30,235,268**
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.29%
62	Tier 1 (as a percentage of risk weighted assets)	16.29%
63	Total Capital (as a percentage of risk weighted assets)	16.86%
64	Institution - specific buffer requirement	7.00%
65	of which : capital conservation buffer requirement	2.50%
66	of which : ADI-specific countercyclical buffer requirements	-
67	of which : G-SIB buffer requirement	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	8.29%
	National minima (if different from BASEL 111)	
69	National minima (if different from BASEL 111)	
70	National Tier 1 minimum ratio	
71	National total capital minimum ratio - amount below threshold 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	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to 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 1.1: Regulatory Balance Sheet

	Audited Balance Sheet	adjustments	Regulatory Balance Sheet	Reconciliation Table Reference
ASSETS				
Cash and cash equivalents	12,961,411		12,961,411	
Other receivables	28,491	-28,491	0	
Loans and other advances	47,563,235	-178,799	47,384,436	
Other financial assets	130,089		130,089	Table B
Property, plant and equipment	1,616,340		1,616,340	
Intangible assets	88,360		88,360	Row 9
Deferred tax assets	58,691	-58,691	0	
Other assets	50,733	98,710	149,443	
TOTAL ASSETS	62,497,350	-167,271	62,330,079	
LIAILITES				
Member deposits	55,651,104	-64,611	55,586,493	
Member Shares		*42,436*	42,436	
Trade and other payables	1,277,666	7,179	1,284,845	
Income tax payable/(refundable)	47,615	43,161	90,776	
Employee benefits	145,115	26,524	171,639	
Deferred tax liabilities	43,161	-43,161	0	
TOTAL LIABILITIES	57,164,661	11,528	57,176,189	
NET ASSETS	5,332,689	-178,799	5,153,890	
EQUITY				
Reserves	1,096,306	-212,073	884,233	Table A
Retained Profits	4,236,383	33,274	4,269,657	
TOTAL EQUITY	5,332,689	-178,799	5,153,890	

Table 1.2: Main Features of Capital Instruments

Main features of Capital Instruments	Nil

Table 1.3: Regulatory Capital Reconciliation

Table A
Accumulated other disclosed reserves

General reserves	550,000	Row 3
Asset revaluation reserves	334,233	Row 3
Member redemption reserve	33,274	Row 3
General reserves for credit losses	178,799	Row 50
Total per Balance Sheet	1,096,306	

Table B
Other Financial Assets

Equity Investments	125,516	Row 18
Investments in commercial entities	4,573	Row 26g
Total per Balance Sheet	130,089	

Table C
Deferred Tax Assets

Deferred Tax Assets per Balance Sheet	58,691	
Less General Reserve for credit losses Tax adjustment	5,705	
Less deferred tax liability per Balance sheet	43,161	
Net Deferred Tax Assets	9,824	Row 26e

Risk Exposures and Assessment

CMCU has adopted the standardised approach to both credit and operational risk since 1 January 2008 in order to calculate its minimum capital requirements. CMCU maintains a capital policy level of a minimum of 13%, our current level of capital is 16.29%.

The risk weighted assets as set out in the table below are adopted from APRA Prudential Standard APS112. CMCU uses the standardised approach to both credit and operational risk.

Table 2: Risk Weighted Assets by Asset Class

	30th June 2014 $	31st March 2014 $
Capital requirements for credit risk by portfolio		
> Loans - secured by residential mortgage	16,023,274	15,507,653
> Loans - other retail	4,725,506	4,716,096
> Liquid investments	2,543,582	2,940,326
> all other assets	1,739,560	1,755,065
Total credit risk on balance sheet	**25,031,922**	**24,919,140**
Total credit risk off balance sheet (commitments)	**1,607,200**	**1,990,162**
Capital requirements for securitisation	**0**	**0**
Capital requirements for market risk	**0**	**0**
Capital requirements for operational risk	**3,596,145**	**3,548,289**
Total Risk Weighted Assets	**30,235,268**	**30,457,590**

Table 3: Capital Held by CMCU

	Capital		Capital Ratio	
	Jun-14	**Mar-14**	**Jun-14**	**Mar-14**
Common Equity Tier 1	4,925,613	4,862,612	16.29%	15.97%
Tier 1	4,925,613	4,862,612	16.29%	15.97%
Total Capital Ratio	5,098,707	4,991,752	16.86%	16.54%

Credit Risk Exposure

The gross credit risk exposure (based on the definitions for regulatory capital, before credit risk mitigation) is summarised per table 4 and 4A.

The classes of loans entered into by CMCU are limited to loans, commitments and other non-market off-balance sheet exposures. CMCU does not enter into debt securities; and over-the-counter derivatives.

Impairment

The level of impaired loans by class of loan is set out in Table 4 and 4A.

- Past due loans is the 'on balance sheet' loan balances which are behind in repayments past due by 90 days or more but not impaired.
- Impaired loans are the 'on balance sheet' loan balances which are at risk of not meeting all principle and interest payments over time.
- Specific Provision is the amount of impairment provision allocated to the class of impaired loans
- The charge for write offs in the period equate to the additional provisions set aside for impaired loans, bad debts written off in excess of previous provision allowances.

Impaired loans are generally not secured against residential property. Some impaired loans are secured by goods security agreements over motor vehicles or other assets of varying value. It is not practical to determine the fair value of all collateral as at balance date due to the variety of assets and condition.

Table 4: Credit Risk

Risk Exposure and Capital Adequacy as at 30th June 2014

	Gross Amount $	Average Amount $	Risk Weighted Amounts $	Impaired Facilities $	90 Days Past due $	Specific Provision Balance $	Charge for Specific Provisions and Write Offs During the period $
Loans - secured by residential mortgage	42,858,246	41,510,197	16,023,274	97,355			
Loans - other retail	4,725,506	4,555,812	4,975,506	7,409	12,298	11,432	2,131
Off-Balance Sheet Risk	9,548,234	9,354,120	1,607,200	0	0	0	0
Total Loans	**57,131,986**	**55,420,130**	**22,605,980**	**104,764**	**12,298**	**11,432**	**2,131**
Cash and Liquid Assets	993,500	1,090,384	0				
Investment Securities & Other Deposit	11,967,912	12,918,481	2,293,582				
Total Liquid Investments	**12,961,411**	**14,008,864**	**2,293,582**	**0**	**0**	**0**	**0**
Other Assets	1,784,916	1,824,776	1,739,560				
Total Credit Risk	**71,878,314**	**71,253,770**	**26,639,122**	**104,764**	**12,298**	**11,432**	**2,131**
Operational Risk	3,596,145	3,545,248	3,596,145				
Grand Total Risk Weighted Assets	**75,474,459**	**74,799,018**	**30,235,268**	**104,764**	**12,298**	**11,432**	**2,131**

Table 4A: Credit Risk

Risk Exposure and Capital Adequacy as at 31st March 2014

Risk Exposure & Capital Adequacy	**Gross Amount** $	**Average Amount** $	**Risk Weighted Amounts** $	**Impaired Facilities** $	**90 Days Past due** $	**Specific Provision Balance** $	**Charge for Specific Provisions and Write Offs During the period** $
Loans - secured by residential mortgage	41,136,712	40,741,535	15,507,653	0	0		
Loans - other retail	4,716,096	4,382,481	4,966,096	14,598	10,386	10,289	--
Off-Balance Sheet Risk	10,295,919	9,074,768	1,990,162				
Total Loans	**56,148,727**	**54,198,785**	**22,463,910**	**14,598**	**10,386**	**10,289**	**-**
Cash and Liquid Assets	1,190,466	1,043,834	0				
Investment Securities & Other Deposit	13,951,632	13,880,945	2,690,326				
Total Liquid Investments	**15,142,097**	**14,924,779**	**2,690,326**	**0**	**0**	**0**	**-**
Other Assets	1,814,803	1,906,793	1,755,065				
Total Credit Risk	**73,105,627**	**71,030,357**	**26,909,302**	**14,598**	**10,386**	**10,289**	**-**
Operational Risk	3,548,289	3,518,279	3,548,289				
Grand Total Risk Weighted Assets	**76,653,915**	**74,548,636**	**30,457,590**	**14,598**	**10,386**	**10,289**	**-**

General Reserve for Credit Losses

This reserve is set aside to quantify the estimate for potential future losses in the loans and investments.

In addition to the provision of impairment, the Board has recognised the need to make allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties in the future.

The reserve has been determined on the basis of the past experience with the loan delinquency and amounts written off.

The value of the reserve is amended to reflect the changes in economic conditions, and the relevant concentrations in specific regions and industries of employment within the loan book.

Table 5: General Reserve for Credit Losses

	June 2014 $	March 2014 $
Balance	178,799	178,799

Securitisation Exposures

The following table includes a summary of the total amount of exposures securitised, securitisation activity for the current period and amounts of securitisation exposures retained or purchased.

Table 6: Securitisation Exposure

	30th June 2014 $	31st March 2014 $
Securitised loans for the period	Nil	Nil
Off – Balance Sheet securitised housing loans	Nil	Nil

APS 330 Remuneration Disclosures

Remuneration Disclosures in accordance with requirements of Attachment E of Prudential Standard APS330 – Public Disclosure

a) Overview

The Board of CMCU has established a Board Audit and Risk Committee "the Committee) who have the responsibility to:

- Make annual recommendations to the Board, consistent with the Remuneration Policy, on the remuneration of: the Chief Executive Officer, direct reports of the CEO; and any other person as per the Remuneration Policy.
- Conduct regular reviews of, and make recommendations to the Board on, the Remuneration Policy.
- Undertake such other functions in relation to the remuneration arrangements of CMCU as the Board may from time to time delegate to the Committee.

The Committee may make use of external consultants in undertaking its role.

Senior managers for the purpose of this disclosure include the CEO and Senior Management. There are currently three employees within this group. There are no employee outside this group that are considered material risk takers as defined in paragraph 17 of APS 330.

b) Remuneration Policy

The objectives of CMCUs remuneration policy is to:

- Are to attract and retain capable, motivated managers and staff;
- Have managers with strategic vision, able to drive growth while maintaining stability and financial soundness of CMCU;
- Provide incentives for outstanding performance;
- To encourage behaviour that supports CMCU's long term risk management framework;
- To ensure that managers responsible for compliance and risk management are not compromised in the performance of their functions; and
- To ensure that CMCU's remuneration arrangements are, and remain compliant with corporate governance requirements, including requirements under CPS510.

To achieve these objectives the Remuneration Policy for senior managers allows for a remuneration structure comprising of fixed base component.

<u>Fixed based component</u>

The fixed components of the remuneration of persons covered by the Remuneration Policy consist of base salary, leave loading, superannuation benefits, and retirement benefits. CMCU may, in addition, provide other benefits such as mobile phones, home office facilities.

Fixed Remuneration is reviewed annually and increases in remuneration are based on a person's performance assessed against individual KPI's and job description. The remuneration increases are capped at the annual CPI rate plus 5%. There is no guarantee increases in fixed remuneration will occur, or that the full increase will be provided.

The Committee reviews the Remuneration Policy on an annual basis. No material changes were made to the policy in the past financial year.

c) Quantitative disclosures per APS 330

Number of meetings of the Committee with regards to remuneration	1
Number of fixed base component payments	3
Number and total guaranteed bonuses award during the financial year	Nil
Number of sign on bonuses made during the financial year	Nil
Number and total termination payments made during the financial year	Nil
Total amount of deferred remuneration outstanding	Nil
Total amount of deferred remuneration paid	Nil

Table 18A: Total value of remuneration for senior managers and material risk takers

Fixed Remuneration

Cash – Based	$277,358.56
Shares and Share linked instruments	Nil
Other	Nil