

1 Public Disclosure of Prudential Information in accordance with APRA Prudential Standard APS 330 (Attachment A)

The capital disclosures detailed in the template below represents the post 1 January 2018 Basel III common disclosure requirements. Transcomm 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.

Table 1	30-Jun-14 Basel III APRA	Reconciliation Table Reference
Common Equity Tier 1 : Instruments and reserves	\$	
1 Directly issued qualifying ordinary shares		
2 Retained Earnings including current year earnings	5,253,890	
3 Accumulated other comprehensive income and disclosed reserves	21,052	
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	5,274,942	
Common Equity Tier 1 capital: regulatory adjustments		
7 Prudential valuation adjustments		
8 Goodwill (net of related tax liability)		
9 Other intangibles other than mortgage servicing rights		
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences		
11 Cash-flow hedge reserve		
12 Shortfall of provisions 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		
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 entities		
24 of which: mortgage servicing rights		
25 of which: deferred tax assets arising from temporary differences		
26 National specific regulatory adjustments :-	404,690	

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	6,600	
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	383,012	Table B
26f	of which: capitalised expenses	15,078	
26g	of which: investments in commercial (non financial) entities that are deducted under APRA prudential requirements		
26h	of which: covered bonds in excess of asset cover in pools		
26i	of which: undercapitalisation 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	404,690	
29	Common Equity Tier 1 Capital (CET1)	4,870,252	
Additional Tier 1 (AT 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	0	
Additional Tier 1 (AT 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 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		
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		
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: any 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)	4,870,252	

	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 (and CET 1 and AT 1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	123,487	Table A
51	Tier 2 Capital before regulatory adjustments	123,487	
	Tier 2 Capital: regulatory adjustments		
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	0	
58	Tier 2 capital (T2)	123,487	
59	Total capital (TC=T1+T2)	4,993,739	
60	Total risk weighted assets based on APRA standards	28,835,303	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.89%	
62	Tier 1 (as a percentage of risk weighted assets)	16.89%	
63	Total Capital (as a percentage of risk weighted assets)	17.32%	
64	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	n/a	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	9.25%	
	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	123,487
77	Cap on inclusion of provisions in Tier 2 under standardised approach	123,487
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach	123,487
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	Amount excluded from T2 due to cap

final audited

A REGULATORY BALANCE SHEET

**30-Jun-14
Basel III APRA**

**Template/
Reconciliation
Table Reference**

Assets

\$

Cash and cash equivalents
Advances to other financial institutions
Trade and other receivables
Loans and advances
Financial Assets
Property, plant and equipment
Other assets
Intangible assets
Tax assets

7,053,932
28,127,783
325,324
36,432,792
6,600
221,901
181,467
15,078
411,953

row 26d

row 26f

TOTAL ASSETS

72,776,830

Liabilities

Deposits and short term borrowings
Payable and other liabilities
Tax Liabilities
Provisions

65,899,346
548,362
1,383
950,359

TOTAL LIABILITIES

67,399,450

Net Assets

5,377,380

Equity

Reserves
Retained profits
TOTAL EQUITY

144,539
5,232,841
5,377,380

Table A

row 2

B Reconciliation between Detailed Capital Templates and Regulatory Balance Sheet

Table A

Reserves

Share capital	21,052	
General reserve for credit losses	123,487	row 50

Total per Balance Sheet 144,539

Table B

Tax Assets

Deferred tax asset	383,012	row 26e
Tax asset	28,941	

Total per Balance Sheet 411,953

CAPITAL COMPONENTS

The capital held by Transcomm Credit Co-operative Limited exceeds the policy and minimum capital prescribed by the APRA Prudential Standards. This excess facilitates the future growth within Transcomm Credit Co-operative Limited.

The capital ratio is the amount of capital described in Table 1 divided by the risk weighted assets :

CAPITAL STRUCTURE	30-Jun-14	31-Mar-14
Tier 1 Capital		
Retained earnings	\$5,253,890	\$4,917,517
Less deductions from Tier 1	\$404,690	\$463,953
Common Equity Tier 1 Capital	\$4,849,200	\$4,453,564
Net Tier 1 Capital	\$4,849,200	\$4,453,564
Tier 2 Capital		
Net Tier 2 Capital (net of deductions)	\$123,487	\$123,487
Total Capital Base	\$4,972,687	\$4,577,051

CAPITAL REQUIREMENTS

Capital requirements for Transcomm Credit Co-operative Limited is determined by the risk weights of the relevant assets held with the minimum requirement capital to over 8% of the risk weighted assets. Transcomm Credit Co-operative Limited maintains a capital target and policy level of minimum 13.5%. The level of capital as at 30 June 2014 is 17.25%.

The risk weighted assets for each asset grouping as set out in the table below is determined by the APRA Prudential Standard APS 112. These are prescribed risk weights to measure the level of risk based on the nature and level of security supporting the assets recovery.

The risk weighted assets held as at the end of the quarter ended 30 June 2014 is as follows:

Transcomm Credit Union	30-Jun-14	31-Mar-14
CAPITAL ADEQUACY as at 30 June 2014		
Total Risk weighted Assets for Credit Risk	\$24,921,255	\$25,201,311
Total Risk weighted Assets for Market Risk	\$0	\$0
Total Risk weighted Assets for Operational Risk	\$3,914,048	\$3,798,122
TOTAL Risk Weighted Assets	\$28,835,303	\$28,999,433
COMMON EQUITY TIER 1	16.82%	15.42%
TIER 1	16.82%	15.42%
TOTAL CAPITAL	17.25%	15.85%

Transcomm Credit Union	Gross Credit Risk Exposure	Average Gross Credit Risk Exposure	Risk Weighted Amounts	Impaired facilities	Past due	Specific Provisions and write-offs	Charges for specific provisions
TOTAL CREDIT RISK EXPOSURE as at 30 June 2014							
Cash and Liquid assets	\$35,174,274	\$36,629,791	6,981,900				
Loans and Advances							
Secured by Eligible Mortgages	\$34,004,435	\$33,506,703	13,591,548		\$641,097		
Other Loan Advances	\$2,447,932	\$2,484,588	2,447,932	\$329,218	\$0	\$19,575	\$0
Plant and Equipment	\$221,901	\$206,726	221,901				
Other Assets	\$1,634,814	\$1,553,551	1,634,814				
Other commitments	\$1,479,549	\$1,874,328	113,159				
TOTALS	\$74,962,905	\$76,255,685	\$24,991,254	\$329,218	\$641,097	\$19,575	\$0

GENERAL RESERVES FOR CREDIT LOSSES

\$123,487

Transcomm Credit Union

TOTAL CREDIT RISK EXPOSURE as at 31 March 2014

RISK EXPOSURES	Gross Credit Risk Exposure	Average Gross Credit Risk Exposure	Risk Weighted Amounts	Impaired facilities	Past due	Specific Provisions and write-offs	Charges for specific provisions
Cash and Liquid assets	38,085,307	\$37,805,068	\$7,593,536				
Loans and Advances							
Secured by Eligible Mortgages	33,008,970	\$32,667,667	\$13,053,032		\$318,210		
Other Loan Advances	2,521,244	\$2,606,035	\$2,521,244	\$4,353	\$0	\$3,210	\$0
Plant and Equipment	191,550	\$206,074	\$191,550				
Other Assets	1,472,288	\$1,469,628	\$1,472,288				
Other commitments	2,269,106	\$2,332,412	\$369,661				
TOTALS	\$77,548,465	\$77,086,885	\$25,201,311	\$4,353	\$318,210	\$3,210	\$0

GENERAL RESERVES FOR CREDIT LOSSES

\$123,487

2 Remuneration (APS 330 Attachment E)

The Board Remuneration Committee is responsible for reviewing, developing and maintaining an effective policy and making recommendations to the Board on the remuneration of the Chief Executive Officer, his direct reports, other senior officers and persons, including any person specified by APRA, whose activities may, in the opinion of the Remuneration Committee, affect the financial soundness of the Credit Union.

The Remuneration Committee also makes a recommendation to the Board, for the annual remuneration of the Board as a whole and this recommendation is table by the Board at the Annual General Meeting of the members, for the members' approval.

The operations of the Remuneration Committee are governed in accordance with the Remuneration Policy which was last approved on 27th June 2013. The Remuneration Policy outlines the Committee's roles, responsibilities and terms of operations.

The members of the Remuneration Committee during the year were:

Mr. A Blyth

Mr. B Dohnt

Mr. R I Faorlin

Mr. P Constantinou

The Remuneration Committee meets at least once a year and the number of meetings held during the year is disclosed in the table of quantitative disclosure. During the year the Remuneration Committee did not engage nor sought any advice from external consultants on the remuneration structure for material risk takers.

The Remuneration Committee has reviewed the risks and remuneration structures and considers the senior managers and a contracted internal auditor as the only material risk takers in accordance with CPS 510:

Type of Employee	Number
Senior Managers	6
Managers who are responsible for the operations, finance, risk management and compliance, IT operations, lending and internal auditing functions.	

The Remuneration Policy is considered an important and integral part in the retention and recruitment of the necessary skilled, committed and experienced staff for the effective and prudent management of the Credit Union. Remuneration compensation levels are reviewed annually whereby the individual's performance is considered in conjunction with the Credit Union's overall performance.

The components of remuneration for all staff include:

- (a) Fixed component and
- (b) Variable component

Fixed Component

This component of salary consists of a base salary, FBT charges related to employee benefits including staff loans, motor vehicles, leave entitlements and employer contributions to superannuation funds.

Variable Component

Staff have the opportunities to participate in variable remuneration arrangements in addition to their fixed pay.

Discretionary variable pay is dependent on outstanding or higher level performance and the achievement of agreed operational goals and financial objectives as set by senior management and approved by the Board. Any variable pay for senior management is recommended by the Chief Executive Officer and approved by the Board. In the case of the Chief Executive Officer, any discretionary variable pay is recommended by the Remuneration Committee and approved by the Board.

Forms of variable remuneration may include cash bonus payments, commissions and other benefits as determined by the Board.

Director	Meetings held	Meetings attended		
A Blyth	2	2		
B Dohnt	2	2		
R.I. Faorlin	2	2		
P Constantinou	2	2		
Remuneration of the Remuneration Committee			2014	2013
Remuneration of the Remuneration Committee as part of the Board			\$58,961	\$54,643

The table below shows 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 awards and termination pay	2014		2013	
	no. of employees	total \$	no. of employees	total \$
Variable remuneration award-discretionary bonus	0	0	0	0
Guaranteed Bonus	1	\$199,932	0	0
Sign-on award	0	0	0	0
Termination Payments	0	0	0	0
Total value of remuneration awards for the current financial year	Unrestricted	Deferred	Unrestricted	Deferred
	\$	\$	\$	\$
Fixed remuneration				
Cash based	\$1,090,322	\$0	\$1,015,966	\$0
Shares and share-linked instruments	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Variable remuneration				
Cash based	\$0	\$0	\$0	\$0
Shares and share-linked instruments	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0