



Prudential Disclosure Document

31 December 2021

ABN 72 087 650 637
G&C Mutual Bank Limited

Basis of Preparation

In accordance with Australian Prudential Standard APS 330, locally incorporated ADI's adopting the standardised approach under the Basel III regulatory regime are required to disclose information about their capital, credit risk exposure, capital instruments and remuneration.

The frequency and timing of G&C Mutual Bank Limited disclosures as required under Prudential Standard APS 330 Public Disclosure are as follows:

| Table | Frequency of Disclosure |
|---|--------------------------------|
| Table 1: Common Disclosure - Composition of Capital | Annually |
| Regulatory Capital reconciliation | Annually |
| Table 2: Main features of Capital Instruments | Continuously |
| Table 3: Capital Adequacy | Quarterly |
| Table 4: Credit Risk | Quarterly |
| Table 5: Securitisation | Quarterly |
| Remuneration | Annually |

Capital Management

G&C Mutual Bank maintains an actively managed capital base to cover risks inherent in its business. The adequacy of G&C Mutual Bank capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulation Authority.

The primary objectives of G&C Mutual Bank's capital management are to ensure that the business complies with externally imposed capital requirements and that G&C Mutual Bank maintains healthy capital ratios in order to support its activities. G&C Mutual Bank has complied in full with all its externally imposed capital requirements.

Table 1: Common Disclosure - Composition of Capital

The disclosures below are presented using the post 1 January 2018 common disclosure template as G&C Mutual Bank Limited has applied the Basel III regulatory adjustments from 1 March 2013, pursuant to APRA guidelines.

| Common Equity Tier 1 capital: instruments and reserves | | 30-Jun-21 \$M |
|--|--|------------------|
| 1 | Directly issued qualifying ordinary shares (and equivalent for mutually owned entities) capital | 0.0 |
| 2 | Retained earnings | 100.5 |
| 3 | Accumulated other comprehensive income (and other reserves) | 19.6 |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to mutually owned companies) | 0.0 |
| 5 | Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | 0.0 |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 120.1 |
| Common Equity Tier 1 capital : regulatory adjustments | | |
| 7 | Prudential valuation adjustments | 0.0 |
| 8 | Goodwill (net of related tax liability) | 0.0 |
| 9 | Other intangibles other than mortgage servicing rights (net of related tax liability) | 0.5 |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 0.0 |
| 11 | Cash-flow hedge reserve | 0.0 |
| 12 | Shortfall of provisions to expected losses | 0.0 |
| 13 | Securitisation gain on sale (as set out in paragraph 562 of Basel II framework) | 0.0 |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | 0.0 |
| 15 | Defined benefit superannuation fund net assets | 0.0 |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | 0.0 |
| 17 | Reciprocal cross holdings in common equity | 0.0 |
| 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 above 10% threshold) own more than 10% of the issued share capital (amount | 0.0 |
| 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 (amount above 10% threshold) | 0.0 |
| 20 | Mortgage service rights (amount above 10% threshold) | 0.0 |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | 1.2 |
| 22 | Amount exceeding the 15% threshold | 0.0 |
| 23 | of which: significant investments in the ordinary shares of financial entities | 0.0 |
| 24 | of which: mortgage servicing rights | 0.0 |
| 25 | of which: deferred tax assets arising from temporary differences | 0.0 |
| 26 | National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j) | 4.7 |
| 26a | of which: treasury shares | 0.0 |
| 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 | 0.0 |
| 26c | of which: deferred fee income | 0.0 |

Table 1: Common Disclosure - Composition of Capital (continued)

| Common Equity Tier 1 capital: instruments and reserves | | 30-Jun-21 \$M |
|---|--|--------------------------|
| 26d | of which: equity investments in financial institutions not reported in rows 18, 19 and 23 | 0.0 |
| 26e | of which: deferred tax assets not reported in rows 10, 21 and 25 | 0.0 |
| 26f | of which: capitalised expenses | 0.0 |
| 26g | of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements | 4.7 |
| 26h | of which: covered bonds in excess of asset cover in pools | 0.0 |
| 26i | of which: undercapitalisation of a non-consolidated subsidiary | 0.0 |
| 26j | of which: other national specific regulatory adjustments not reported in rows 26a to 26i | 0.0 |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | 0.0 |
| 28 | Total regulatory adjustments to Common Equity Tier 1 | 6.4 |
| 29 | Common Equity Tier 1 Capital (CET1) | 113.7 |
| Additional Tier 1 Capital: instruments | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments | 0.0 |
| 31 | of which: classified as equity under applicable accounting standards | 0.0 |
| 32 | of which: classified as liabilities under applicable accounting standards | 0.0 |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | 0.0 |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | 0.0 |
| 35 | of which: instruments issued by subsidiaries subject to phase out | 0.0 |
| 36 | Additional Tier 1 Capital before regulatory adjustments | 0.0 |
| Additional Tier 1 Capital: regulatory adjustments | | |
| 37 | Investments in own Additional Tier 1 instruments | 0.0 |
| 38 | Reciprocal cross holdings in additional Tier 1 instruments | 0.0 |
| 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 (amount above 10% threshold) | 0.0 |
| 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) | 0.0 |
| 41 | National specific regulatory adjustments (sum of rows 41a, 41b and 41c) | 0.0 |
| 41a | of which: holdings of capital instruments in group members by other group members on behalf of third parties | 0.0 |
| 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 | 0.0 |
| 41c | of which: other national specific regulatory adjustments not reported in rows 41a and 41b | 0.0 |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | 0.0 |
| 43 | Total regulatory adjustments to Additional Tier 1 capital | 0.0 |
| 44 | Additional Tier 1 capital (AT1) | 0.0 |
| 45 | Tier 1 Capital (T1=CET1+AT1) | 113.7 |

Table 1: Common Disclosure - Composition of Capital (continued)

| Common Equity Tier 1 capital: instruments and reserves | | 30-Jun-21 \$M |
|--|---|------------------|
| Tier 2 Capital: instruments and provisions | | |
| 46 | Directly issued qualifying Tier 2 instruments | 0.0 |
| 47 | <i>Directly issued capital instruments subject to phase out from Tier 2</i> | 0.0 |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2) | 0.0 |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | 0.0 |
| 50 | Provisions | 2.4 |
| 51 | Tier 2 Capital before regulatory adjustments | 2.4 |
| Tier 2 Capital: regulatory adjustments | | |
| 52 | Investments in own Tier 2 instruments | 0.0 |
| 53 | Reciprocal cross holdings in Tier 2 instruments | 0.0 |
| 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 (amount above 10% threshold) | 0.0 |
| 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 | 0.0 |
| 56 | National specific regulatory adjustments (sum of rows 56a, 56b and 56c) | 0.0 |
| 56a | <i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i> | 0.0 |
| 56b | <i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55</i> | 0.0 |
| 56c | <i>of which: other national specific regulatory adjustments not reported in rows 56a and 56b</i> | 0.0 |
| 57 | Total regulatory adjustments to Tier 2 capital | 0.0 |
| 58 | Tier 2 capital (T2) | 2.4 |
| 59 | Total capital (TC=T1+T2) | 116.1 |
| 60 | Total risk-weighted assets based on APRA standards | 672.3 |
| Capital ratios and buffers | | |
| 61 | Common Equity Tier 1 (as a percentage of risk-weighted assets) | 16.91% |
| 62 | Tier 1 (as a percentage of risk-weighted assets) | 16.91% |
| 63 | Total capital (as a percentage of risk-weighted assets) | 17.27% |
| 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 | <i>of which: capital conservation buffer requirement</i> | 2.50% |
| 66 | <i>of which: ADI-specific countercyclical buffer requirements</i> | - |
| 67 | <i>of which: G-SIB buffer requirement (not applicable)</i> | - |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets) National minima (if different from Basel III) | 9.27% |
| 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 |

Table 1: Common Disclosure - Composition of Capital (continued)

| Common Equity Tier 1 capital: instruments and reserves | | 30-Jun-21 \$M |
|--|--|------------------|
| 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 (net of related tax liability) | - |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | - |
| 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 (prior to application of cap) | 2.4 |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | 6.0 |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | n/a |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | n/a |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022) | | |
| 80 | <i>Current cap on CET1 instruments subject to phase out arrangements</i> | - |
| 81 | <i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i> | - |
| 82 | <i>Current cap on AT1 instruments subject to phase out arrangements</i> | - |
| 83 | <i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i> | - |
| 84 | <i>Current cap on T2 instruments subject to phase out arrangements</i> | - |
| 85 | <i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i> | - |

Regulatory Capital reconciliation

The following table discloses the consolidated Balance Sheet of G&C Mutual Bank Limited including the consolidated entity SGE Funding Trust No. 1 as published in its audited financial statements.

| | Balance Sheet per published Audited Financial Statements | Adjustments | Balance Sheet under Regulatory Scope of Consolidation |
|--|--|------------------|---|
| | 30-Jun-21 \$M | 30-Jun-21 \$M | 30-Jun-21 \$M |
| ASSETS | | | |
| Cash and deposits at call | 31.3 | - | 31.3 |
| Due from other financial institutions | 114.1 | - | 114.1 |
| Debt instruments at amortised cost | 222.6 | - | 222.6 |
| Other assets | 4.0 | - | 4.0 |
| Derivative Financial Instrument - Banking Book | 0.2 | - | 0.2 |
| Loans and advances | 916.6 | - | 916.6 |
| Less: Provision for impairment | (0.9) | - | (0.9) |
| Less: General Reserve for Credit Losses | - | (2.4) | (2.4) |
| Financial assets at fair value through profit and loss | 4.7 | - | 4.7 |
| Property, plant and equipment | 1.0 | - | 1.0 |
| Right-of-use assets | 1.9 | - | 1.9 |
| Intangible assets | 1.0 | - | 1.0 |
| Current tax assets | 0.6 | - | 0.6 |
| Deferred tax assets | 1.2 | - | 1.2 |
| Total Assets | 1,298.3 | (2.4) | 1,295.9 |
| LIABILITIES | | | |
| Deposits | 1,093.5 | - | 1,093.5 |
| Derivative liabilities | 0.2 | - | 0.2 |
| Other liabilities | 10.4 | - | 10.4 |
| Other financial liabilities | 68.0 | - | 68.0 |
| Provisions | 3.7 | - | 3.7 |
| Total Liabilities | 1,175.8 | - | 1,175.8 |
| Net Assets | 122.5 | (2.4) | 120.1 |
| EQUITY | | | |
| Redeemable share reserve | 2.2 | - | 2.2 |
| Contributed equity | 17.4 | - | 17.4 |
| Retained earnings | 102.9 | - | 102.9 |
| Transfer of General Reserve for Credit Losses | - | (2.4) | (2.4) |
| Total Equity | 122.5 | (2.4) | 120.1 |

Table 3: Capital Adequacy

The capital requirements as at the end of the quarter ended 31 December 2021 is as follows:

| | \$M |
|---|---------------|
| Capital requirements (in terms of risk-weighted assets) for credit risk by portfolio for: | |
| Residential mortgages | 350.6 |
| Other retail loans | 79.3 |
| Banks and Other ADI's | 122.6 |
| Corporate | 57.2 |
| Securitisation | 7.8 |
| Other | 5.5 |
| Total Credit Risk RWA | 623.0 |
| Market Risk RWA | - |
| Operational Risk RWA | 73.1 |
| Total Risk Weighted Asset | 696.1 |
| Common Equity Tier 1 | 17.09% |
| Tier 1 | 17.09% |
| Total Capital ratio | 17.45% |

The capital requirements as at the end of the quarter ended 30 September 2021 is as follows:

| | \$M |
|---|---------------|
| Capital requirements (in terms of risk-weighted assets) for credit risk by portfolio for: | |
| Residential mortgages | 337.5 |
| Other retail loans | 50.8 |
| Banks and Other ADI's | 119.8 |
| Corporate | 80.9 |
| Securitisation | 8.5 |
| Other | 10.3 |
| Total Credit Risk RWA | 607.8 |
| Market Risk RWA | - |
| Operational Risk RWA | 71.3 |
| Total Risk Weighted Asset | 679.1 |
| Common Equity Tier 1 | 17.00% |
| Tier 1 | 17.00% |
| Total Capital ratio | 17.37% |

Table 4: Credit Risk

| Quarterly Disclosure from 01 October 2021 - 31 December 2021 | | | | | | |
|---|----------------|------------------------|---|---|-----------------------|-----------------------|
| Credit Risk | Gross Exposure | Average Gross Exposure | Value of loans that are Impaired ⁽²⁾ | Value of loans that are Past Due ⁽³⁾ | Specific Provisioning | Bad Debts Written-off |
| | \$M | \$M | \$M | \$M | \$M | \$M |
| Residential mortgages ⁽¹⁾ | 936.0 | 916.6 | | 2.5 | | |
| Other retail loans ⁽¹⁾ | 79.3 | 65.1 | 0.2 | 0.7 | 0.2 | 0.2 |
| Bank and Other ADI's ⁽⁴⁾ | 349.1 | 344.5 | | | | |
| Corporate | 57.3 | 69.1 | | | | |
| Securitisation | 34.6 | 36.3 | | | | |
| Other ⁽¹⁾ | 5.5 | 8.0 | | | | |
| Total Gross Credit Risk by portfolio | 1,461.8 | 1,439.6 | 0.2 | 3.2 | 0.2 | 0.2 |
| Loans and advances | 1,124.7 | 1,113.5 | | | | |
| Debt securities | 264.4 | 258.6 | | | | |
| Commitments and other non-market off-balance sheet exposures ⁽¹⁾ | 72.7 | 67.5 | | | | |
| Market-related off-balance sheet exposures ⁽¹⁾ | 0.0 | 0.0 | | | | |
| Total by exposure | 1,461.8 | 1,439.6 | | | | |

General reserve for credit losses ⁽⁵⁾ \$2.5

(1) Off-balance sheet exposures have been converted to their credit equivalent amounts.

(2) Impaired Facilities at 31 December 2021 consist of (non-accrual items: with provisions \$0.2M and without provisions \$Nil; Non Commercial Restructured items: with provision \$Nil and without provision \$Nil).

Impaired Facilities at 30 September 2021 consist of (non-accrual items: with provisions \$0.2M and without provisions \$Nil; Non Commercial Restructured items: with provision \$Nil and without provision \$Nil).

(3) A facility is regarded as past due when at least 90 calendar days have elapsed since the due date of a contractual payment which has not been met in full.

(4) G&C Mutual Bank, at all times maintain a sufficient portfolio of high-quality liquid assets to meets its obligations as they fall due.

(5) G&C Mutual Bank board in recognition of the need to have an allocation from retained earnings to ensure there is adequate protection against probability of its members facing potential repayment difficulty, has allocated the GRCL based on estimation on potential risk and probability of realisation of this risk via a comprehensive approach.

Table 4: Credit Risk Prior Quarter

Quarterly Disclosure from 01 July 2021 - 30 September 2021

| Credit Risk | Gross Exposure | Average Gross Exposure | Value of loans that are Impaired ⁽²⁾ | Value of loans that are Past Due ⁽³⁾ | Specific Provisioning | Bad Debts Written-off |
|---|----------------|------------------------|---|---|-----------------------|-----------------------|
| | \$M | \$M | \$M | \$M | \$M | \$M |
| Residential mortgages ⁽¹⁾ | 897.2 | 870.1 | | 1.9 | | |
| Other retail loans ⁽¹⁾ | 50.8 | 53.3 | 0.2 | 0.8 | 0.2 | 0.2 |
| Bank and Other ADI's | 339.9 | 338.0 | | | | |
| Corporate | 80.9 | 80.1 | | | | |
| Securitisation | 38.0 | 35.1 | | | | |
| Other ⁽¹⁾ | 10.4 | 8.6 | | | | |
| Total by portfolio | 1,417.2 | 1,385.2 | 0.2 | 2.7 | 0.2 | 0.2 |
| Loans and advances | 1,102.2 | 1,085.7 | | | | |
| Debt securities | 252.8 | 237.7 | | | | |
| Commitments and other non-market off-balance sheet exposures ⁽¹⁾ | 62.2 | 61.8 | | | | |
| Market-related off-balance sheet exposures ⁽¹⁾ | 0.0 | 0.0 | | | | |
| Total by exposure | 1,417.2 | 1,385.2 | | | | |

General reserve for credit losses \$2.4 M

Table 5: Securitisation

Quarterly Disclosure from 01 October 2021 - 31 December 2021

| Securitisation Exposure | | |
|--|--|--|
| Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type: | Total exposures securitised \$M | Recognised gain or loss on sale \$M |
| | \$ NIL | \$ NIL |
| Residential Mortgage | | |
| | \$ NIL | \$ NIL |
| Aggregate amount of total securitisation exposures retained or purchased: | On-balance sheet \$M | Off-balance sheet \$M |
| | \$339.4 | \$ NIL |
| Residential Mortgage | | |

Quarterly Disclosure from 01 July 2021 - 30 September 2021

| Securitisation Exposure | | |
|--|--|--|
| Summary of current period's securitisation activity, including the total amount of exposures securitised (by exposure type) and recognised gain or loss on sale by exposure type: | Total exposures securitised \$M | Recognised gain or loss on sale \$M |
| | \$ NIL | \$ NIL |
| Residential Mortgage | | |
| | \$ NIL | \$ NIL |
| Aggregate amount of total securitisation exposures retained or purchased: | On-balance sheet \$M | Off-balance sheet \$M |
| | \$220.9 | \$ NIL |
| Residential Mortgage | | |

The Remuneration Report is available at <https://www.gcmutual.bank/about/disclosures/>

The remuneration disclosures are in accordance to the rules stipulated in Prudential Standard CPS 510 Governance.