Working with our members for a better future.

ANNUAL REPORT
2017

Australian Central Credit Union Ltd (trading as People's Choice Credit Union) and its Controlled Entities Year Ended 30 June 2017

people's choice CREDIT UNION

Contents

Chair's and Managing Director's Report

A strong year of growth

A collective focus on deeply understanding our members' lives and how we can more effectively support them has begun an exciting period of transformation for People's Choice in 2016/17. People's Choice has performed well in a challenging environment, delivering strong results while laying the foundations to ensure long-term sustainability for our members.

Our determination to improve member experience has resulted in the credit union's strongest net member growth for years. People's Choice welcomed 21,587 new members during 2016/17 and increased net membership by 7,937 members.

People's Choice is amongst the leaders in the banking sector in its ability to attract new members and retain existing members. This is reflected in our high levels of member satisfaction and trust which in turn drives the willingness of our members to recommend People's Choice.

During 2016/17, we began measuring the extent to which our members trust us, are loyal and are willing to advocate for us through the net promoter score. Net promoter score is obtained by regularly surveying members to establish whether they are promoters (loyal, enthusiastic fans), detractors (unhappy) or passives (satisfied, for now). The average net promoter score over the course of 2016/17 in our industry was +7 whereas our score was +43, the second highest score nationally out of all the financial institutions that we track, including the big four banks.

Chair's and Managing Director's Report (continued)

People's Choice received further recognition for trust, service and member satisfaction during the year, winning the Roy Morgan Building Society/Credit Union of the Year Award for Customer Satisfaction for the second time in three years, as well as Mozo awards for Highly Trusted and Staff Friendliness. These awards are based on independent surveys of our members and other banking customers.

As our membership grows, so too do our deposit and lending portfolios.

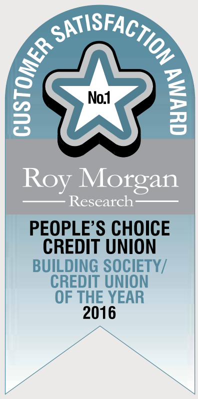
Our retail deposit portfolio growth of 9.6% to $5.407 billion in 2016/17 was well above national market performance. More than half of our members start their relationship with People's Choice through some form of deposit account, and this relationship usually expands over time to lending and other services. So our strong deposit growth is a promising indication of long-term growth across other portfolios.

Our lending portfolio growth of 6.4% to $6.866 billion in 2016/17 was also above the national market average and in line with our targets. This growth led to our residential lending portfolio surpassing $6 billion in December 2016. This was an especially strong result when taking into account the fact that the economies of South Australia and the Northern Territory – where a large proportion of our lending is traditionally based – are not growing at the same pace as the eastern states.

While we are not in the business of generating large profits for shareholders like the major banks, it is important that we generate sufficient profit each year to provide capital to lend, grow and invest in improving our products and services for you, our members.

Our net profit after tax of $33.08 million demonstrates our continued ability to generate revenue and manage costs carefully in an environment of sustained low interest rates and when economic volatility is the new normal. The slight reduction in net profit after tax in 2016/17 compared to the previous year was partly due to the ongoing shift of members' lending products to lower rate package products; a trend seen over recent years. This reflects People's Choice's commitment to providing members with a selection of products to cater to their specific needs, coupled with fair and competitive pricing. People's Choice also commits to prudent investment to improve our products, services and technology for members, today and into the future.

People's Choice ended the financial year with total assets under management of $8.291 billion and funds under advice of $1.696 billion, taking total funds under management and advice to almost $10.0 billion – a 3.5% increase on the previous financial year.



Roy Morgan Building Society/Credit Union of the Year and Mozo Highly Trusted awards.

People's Choice Strategic Plan 2017-2022.

Strategic blueprint for the future

The Board and Executive team undertook a robust strategy and planning process during 2016/17. This has resulted in a Strategic Framework that aligns every staff member's activities to our Purpose and Vision through cascaded targets and goals.

At the heart of this framework is our new Strategic Plan 2017-2022: our blueprint for the future which charts the course for People's Choice to evolve based on the three strategic outcomes of differentiating, enabling and growing. Our Strategic Plan 2017-2022 has been developed in consideration of the external and internal environment, based on comprehensive research and review to determine where and how to position People's Choice for future success.

Chair's and Managing Director's Report (continued)

As part of this process, we also reviewed and refined our Purpose to 'Working with our members for a better future' to express the heart and soul of who we are as a mutual. We also simplified our Vision 'To be the most trusted financial services provider in Australia'.

Promising progress with regulatory reform

The Australian banking system continues to be highly concentrated and major banks benefit from a regulatory system that has helped embed their dominant position. After years of calls for a more level playing field to allow the customer owned banking sector to compete more fairly with the major banks, we saw some promising breakthroughs in 2016/17.

We welcome the Federal Government's Hammond Review of Reforms for Cooperatives, Mutuals and Member-Owned Firms and the Productivity Commission's Inquiry into Competition in the Australian Financial System as positive steps towards genuine regulatory reform.

There is widespread acceptance that the major banks unfairly benefit from an implicit guarantee provided by taxpayers. This implicit guarantee gives the major banks a significant funding cost advantage which is far higher than the Federal Government's levy on the five largest banks.

The major banks are given another funding cost advantage by the regulatory framework because they are permitted to effectively calculate the amount of capital they hold against mortgages. This means that major banks hold much less capital against mortgages compared to other competitors including People's Choice.

Customer owned banking organisations such as People's Choice raise most of their capital through retained earnings and have limited access to additional forms of capital. This limits our ability to make strategic investments in a range of areas including acquisitions and technology.

The Federal Government is currently conducting a separate inquiry process to look at capital-raising for mutual institutions in Australia. We are engaging with the Australian Prudential Regulation Authority and our industry bodies, the Customer Owned Banking Association and the Business Council for Cooperatives and Mutuals, to develop capital options for customer owned banking institutions.

We strongly support revisions to the capital framework to allow a mutual to issue capital as a positive step forward for the growth of the mutual banking industry. In particular, these proposed changes will enable efficiency and be a welcome move towards competitive neutrality within the Australian banking industry.

Board and our people

At our Annual General Meeting in October 2016, we welcomed the appointment by the Board of a new non-executive Director, John Patton. With extensive retail banking and risk experience including in the mutual sector, and a background as a chartered accountant. John was appointed following a rigorous selection process to ensure the Board has the appropriate mix of experience and skills to govern in the best interests of members.

Chair's and Managing Director's Report (continued)

Director Mark Day retired from the Board at the 2016 Annual General Meeting and we thank him for his 10 years of service to People's Choice. Our members voted to re-elect Chair John Cossons and Director Jan McMahon to the Board at the 2016 Annual General Meeting.

Chief Executive Officer Steve Laidlaw was appointed Managing Director on 1 September 2017.

The Board has once again played an integral role in the success of People's Choice throughout the year and the development of our Strategic Framework for the future.

It has been a very successful year for People's Choice and we thank our Executive team and staff for their passion and commitment to ensuring we achieve our objectives while driving a considerable amount of change that is needed to ensure we make the most of our opportunities.

We have no doubt that we are making great progress towards achieving our Vision to be the most trusted financial services provider in Australia.

John Cossons
Chair

Steve Laidlaw
Chief Executive Officer and Managing Director

Year in Review

Member experience focus

In 2016/17, People's Choice was proud to help 8,303 members to buy their home and 12,099 members to buy a car, renovate their house or go on a holiday. People's Choice protected 30,433 members with general and commercial insurance, mortgage repayment protection and Mutual Aid, and provided 1,177 members with new financial advice.

A central body of work in 2016/17 has been the development of People's Choice's Member Experience Strategy and Member Centric Operating Model. This is a profound change to the way the credit union conducts its business and is a long-term approach to improving the many interactions members have with People's Choice, based on detailed member consultation.

The entire business is aligning behind this concept, from the M-Power program where staff identify opportunities to improve and simplify processes based on interactions with members, to the development of an in-house member design function and the Green Room online community where member feedback is used to guide the development and testing of products and services.

Major initiatives are underway, such as simplifying and speeding up lending approvals and giving members more flexibility and control over their banking through self-service. These changes are designed to deliver the best experience to help attract, retain and deepen member relationships.

This focus on better understanding members is supported by an increasingly sophisticated approach to data analytics. This is helping People's Choice to deepen relationships with members, which in turn is contributing significantly to net member growth.

Investing for our members' future

During 2016/17, People's Choice continued to review and evolve its distribution strategy and footprint, refurbishing the Gungahlin (ACT), Norwood, Berri and Port Pirie (SA) branches. The credit union established its first Home Loan Centre in the south-east Melbourne suburb of Cranbourne, recruited a suite of new mobile lenders and commenced an exciting new sponsorship of the Western Bulldogs AFL team to support the Melbourne growth strategy.

People's Choice introduced Android Pay, Apple Pay and Samsung Pay during the year, keeping the credit union at the forefront of mobile payments innovation. Numerous improvements were also made to People's Choice's banking apps and internet banking.

The advanced online security solution, People's Choice Secure Code, was launched during the year. Considerable focus has been given to helping members transition to this much more secure verification which lays the foundation for further self-service improvements in the future.

People's Choice committed to be among Australia's first banking organisations to adopt the New Payments Platform, which will provide members with real-time payments and funds transfers to other participating financial institutions, and began engagement and planning of this major project.

Cranbourne Home Loan Centre opened in south-east Melbourne.

Sponsorship of the Western Bulldogs AFL team commenced.

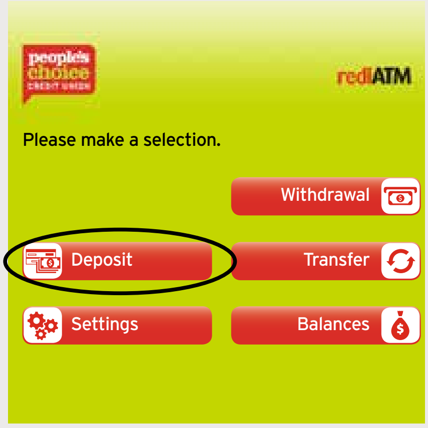
People's Choice launched Android Pay, Apple Pay and Samsung Pay.

Year in Review (continued)

The credit union signed a new long-term agreement with insurance partner CGU.

The quality of People's Choice's products and services has been recognised with the Mozo Experts' Choice award for Discounted Car Loan and three Canstar First Home Buyer Customer Owned Institution of the Year awards for South Australia, Northern Territory and Victoria.

People's Choice enabled deposit-taking technology at 31 rediATMs in South Australia, Victoria and the Northern Territory, allowing accounts linked to the member's card to be credited in real time.



Deposit-taking technology was enabled at 31 rediATMs.

Strengthening our credit union

People's Choice established Mutual Marketplace during 2016/17, a joint venture company with Credit Union Australia (CUA) for procurement and accounts payable services. Mutual Marketplace commenced operations in April 2017, allowing both credit unions to streamline operations and achieve benefits of scale.

The Mutual Marketplace joint venture was established.

People's Choice developed a Workforce Plan to support the business to grow and change with increased skills and capability into the future, and trained the leadership team in the foundations of change management.

Particular attention has been given to developing the Program Management Office, which has evolved to be more flexible and agile to effectively deliver projects that support the Strategic Plan 2017-2022.

People's Choice was the first financial institution in Australia to be accredited as a White Ribbon Workplace, joining the world's largest male-led movement to end men's violence against women. People's Choice has also taken a leadership role in raising awareness of economic abuse as one of the lesser known but highly prevalent forms of domestic abuse through a widespread media campaign. In this regard, our CEO and Managing Director, Steve Laidlaw, was also appointed as a White Ribbon Ambassador.

People's Choice was the first Australian financial institution to achieve White Ribbon Workplace accreditation.

The 2017 Values and Engagement Survey achieved a record 85% response rate and the results place People's Choice among the top employers, with 86% staff engagement and 89% of staff agreeing the credit union is living up to its values. These results, which outperform industry and corporate benchmarks, demonstrate continued efforts across the business to build a strong values-based culture that is focused on supporting members.

People's Choice provided 30,117 hours of training and development during 2016/17, which included 1,594 hours of leadership development programs.

The credit union set a new strategic direction for risk management and delivered a number of significant improvements. The Risk Division was restructured and its capability enhanced with the appointment of experienced risk professionals.

The internal audit function was outsourced to Deloitte to enhance the depth of expertise in third line assurance and to enable People's Choice to leverage industry benchmarking.

The first Risk Culture Survey was undertaken with 79% staff participation, and a new Risk Appetite Statement and Risk Management Strategy have been rolled out.

Year in Review (continued)

Supporting the community

People's Choice continued to make a substantial contribution to the economic and social wellbeing of the community. The credit union contributed 2.9% of pre-tax profit to corporate community investment during 2016/17, five times the 0.56% average contribution made by major Australian and New Zealand companies (source: LBG Australia).

Including funds raised through the Community Lottery and other programs, People's Choice generated $3.1 million for the community during the year and made a difference to close to one million Australians.

The 2016 People's Choice Community Lottery raised $1.58 million for 1,130 community groups and the 2017 Community Lottery is progressing well, with a record number of online tickets sold.

Since its inception, the People's Choice Undies Run for Bowel Cancer has raised approximately $730,000 for Cancer Council SA, with 1,120 runners raising $120,648 at the 2017 event.

More than 430 staff volunteered over 2,100 hours through People's Choice's volunteering program in 2016/17. The Senior Leadership Group raised more than $10,000 for HeartKids on SuperBoss Day to support children with paediatric heart conditions and their families. Staff donated $17,000 to 42 charities through workplace giving and raised $13,000 through monthly casual Positive Impact Days and Adelaide Zoo passes.

People's Choice was proud to continue its long-term sponsorships of the People's Choice BASSINTHEGRASS music festival in Darwin, the People's Choice Classic as part of the Santos Tour Down Under UCI WorldTour cycling event in Adelaide, and the Credit Union Christmas Pageant in Adelaide.

The People's Choice Undies Run for Bowel Cancer has raised $730,000.

People's Choice has supported the Credit Union Christmas Pageant for over 20 years.

Directors' Report

DIRECTORS' REPORT

The Directors present their report together with the financial report of Australian Central Credit Union Ltd (trading as People's Choice Credit Union) (the "Credit Union"), and its controlled entities (together referred to as the "Group"), for the year ended 30 June 2017 and the Auditor's Report thereon.

DIRECTORS

The Directors of the Credit Union at any time during or since the end of the financial year were:

John Leonard Cossons
Non-Executive Chair
FAMI, MAICD

Steven Peter William Laidlaw
Managing Director (Appointed 1 September 2017)
BEc, BCom, CA, FAICD

Dr Rosemary Helen Simon Brooks
Non-Executive Director
PhD, MBA, MA, BA (Hons), LLB (Hons), GDLP, FAICD, JP

Stephen Mark Day
Non-Executive Director (Retired 27 October 2016)
B.Bus, Grad Dip (Applied Finance and Investment), FAICD, SA Fin

Edward Terrence McGuirk
Non-Executive Director
BA (Hons), FAICD, FAMI, SA Fin

Jan McMahon
Non-Executive Director
BA (Hons), FAICD, FAIST

Kathryn Anne Skipper AM
Non-Executive Director
Dip. Nursing, FAICD

Virginia Sue Hickey
Non-Executive Director
BA, LLB, FAICD

John Patrick Patton
Non-Executive Director (Appointed 27 October 2016)
FCA, MAICD

Directors were in office from the beginning of the financial year until the date of this report, except where indicated otherwise.

Details of Directors, their experience and any special responsibilities, are set out in the Online Annual Report, which is available from our website at www.peopleschoicecu.com.au.

Certain Directors have associations with other organisations. Some of these organisations conduct business with the Credit Union. This business is conducted on standard terms and conditions.

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors during the financial year is shown in the Corporate Governance Statement commencing on page 15.

COMPANY SECRETARY

Ms Taryn Shearn LLB (Hons), B.Com was appointed to the position of Company Secretary on 2 February 2017. Prior to Ms Shearn's appointment, the Company Secretary position was performed by Ms Christine Manuel BMus, GradDipACG, DipCD, DipInvRel, FGIA, FCIS, MAICD, MAITD, AAIPM.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the provision of loans to members and customers, savings and investment facilities, the sale of insurance policies, Mutual Aid, financial planning and corporate superannuation services. There was no significant change in the nature of these activities during the year.

DIVIDENDS

The Credit Union's Constitution prohibits the payment of dividends on member shares.

REVIEW OF OPERATIONS

The Group recorded a profit after tax for the year ended 30 June 2017 of $33.080 million (2016: $35.948 million).

The total assets for the Group were $7.902 billion (2016: $7.514 billion), representing an increase of $0.388 billion (5.2%) from 30 June 2016. Lending settlements for the twelve months ended 30 June 2017 were $1.425 billion (2016: $1.497 billion), and member retail deposits grew by $471 million (2016: $432 million) representing a portfolio increase of 9.5%. Total member loans and advances increased by 6.5% to $6.861 billion during the year. For further analysis of the financial year performance refer to the Chair's and Managing Director's report commencing on page 4.

STATE OF AFFAIRS

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

DIRECTORS' INTERESTS

None of the above Directors have declared any interest in existing or proposed contracts with the Credit Union during the financial year ended 30 June 2017 and to the date of this report.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 1 September 2017, the Chief Executive Officer, Mr Steven Laidlaw was appointed as Managing Director.

Other than this appointment, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Credit Union, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT (Continued)

LIKELY DEVELOPMENTS

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of such information is likely to result in unreasonable prejudice to the Group.

REGULATORY DISCLOSURES

Prudential Standard *APS 330 Public Disclosure* requires the Group to meet minimum requirements for the public disclosure of information on its risk profile, risk management, capital adequacy, capital instruments and remuneration practices to contribute to the transparency of the financial markets and to enhance market discipline. This information is published on the Credit Union's public website under Regulatory Disclosures.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Credit Union paid a premium in relation to a Directors' and Officers' liability insurance policy indemnifying the Directors and its Executives against certain liabilities.

The insurance contract prohibits the disclosure of the nature of the liabilities insured against and the premium paid in respect of that insurance.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

The Lead Auditor's Independence Declaration is set out on page 14 and forms part of the Directors' Report for the year ended 30 June 2017.

ROUNDING

The Company is of a kind referred to in the Australian Securities & Investment Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Rounding Instrument, amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in Adelaide this 1st day of September, 2017
in accordance with a resolution of the Board of Directors of the Credit Union.

J. L. COSSONS **Chair**	**S. P. W. LAIDLAW** **Managing Director**

Lead Auditor's Independence Declaration

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Central Credit Union Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Central Credit Union Ltd for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

John Evans

Partner

Adelaide

1 September 2017

Corporate Governance Statement

HOW WE DO BUSINESS

Australian Central Credit Union Ltd trades as People's Choice Credit Union ("People's Choice"). The People's Choice Board and Management are committed to acting responsibly, ethically and with the highest standards of integrity to ensure that People's Choice's activities are continually structured and delivered in a manner that allows us to meet the needs of our members.

A principles-based approach is taken to achieve sound corporate governance and business practices. To achieve this, policies have been adopted by the Board and cascaded throughout all levels of People's Choice. We strive to ensure that our governance "in action" is of the highest standard, consistent with our mutual underpinnings, while at the same time practical and transparent to our members. Further information can be found in the People's Choice Corporate Governance section on our website: www.peopleschoicecu.com.au.

The Board has committed to following the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 3rd Edition" to the extent that they are applicable to People's Choice, as a mutual organisation. Further, the Board has carefully considered and implemented a "fit and proper" framework in accordance with relevant regulation which endeavours to ensure that Directors and senior management of People's Choice are appropriate persons to lead the credit union. The "fit and proper" framework deals with matters such as minimum competencies, Director development, independence, Director refreshment and renewal and performance.

ROLE OF THE BOARD

The Board comprises Non-Executive Directors, who together with the Managing Director have extensive experience and bring accountability and judgement to the Board's deliberations to ensure optimum benefit to members, employees and the wider community. The role and responsibilities of the Board are set out in the Board Charter, a copy of which is published in the Corporate Governance section of our website.

In particular, the Board:

- Provides strategic direction to People's Choice;
- Provides leadership in terms of corporate governance;
- Appoints and manages the performance of the Managing Director;
- Reports to members and monitors compliance with regulatory requirements;
- Approves the remuneration of the Managing Director, Executive Managers and other designated persons in accordance with the Board Remuneration Policy and Australian Prudential Regulation Authority ("APRA") Prudential Standards;
- Oversees People's Choice's financial performance and position and monitors its business and affairs on behalf of all members;
- Oversees internal controls and processes for identifying areas of significant business risk;
- Makes decisions in relation to major expenditures, acquisitions or merger opportunities;
- Ensures that the People's Choice business is conducted ethically and transparently.

Responsibility for day-to-day activities in relation to the operation of People's Choice is delegated to the Managing Director by the Board.

The framework for delegations of authority to Executive Management is documented in People's Choice's policies and approved by the Board.

STRUCTURE OF THE BOARD

The size and composition of the Board is determined by the Board subject to the limits set out in People's Choice's Constitution, which requires a minimum of four member-elected Non-Executive Directors. The Constitution also allows for Board and merger-appointed Non-Executive Directors, or a Managing Director. At all times, member-elected Directors must constitute a majority of Directors, a requirement which protects our mutuality.

The Corporate Governance Committee reviews the independence of each Non-Executive Director on an annual basis. All Non-Executive Directors have been determined to be independent.

The Board currently comprises seven Non-Executive Directors, six of whom are member-elected and one Board-appointed Director and one Managing Director. All Directors are shareholding members of People's Choice. Board members are elected by the members or appointed in accordance with the Constitution. The Chair of the Board is a member-elected Non-Executive Director. Generally, all elected Directors are appointed for a maximum term of three years upon election. The above framework operates to ensure that the Board is able to function independently of Executive Management.

Directors who held office during or since the end of the financial year and the year in which each was appointed to the Board (including the Board of the pre-merged entities) are set out below:

Directors – Non-Executive	Year First Elected/Appointed
R.H.S. Brooks	1995
J.L. Cossons (Chair)	1981
S.M. Day*^	2006
V.S. Hickey	2014
E.T. McGuirk	1996
J. McMahon	1989
J.P. Patton*^	2016
K.A. Skipper	2002

Directors – Executive	Year First Appointed
S.P.W. Laidlaw (Managing Director) #	2017

* Board-appointed Director
^ Director Day retired as a Director at the AGM held on 27 October 2016 and Director Patton was appointed as a Director effective 27 October 2016
\# Managing Director Laidlaw was appointed as Managing Director effective 1 September 2017

Further details on the Directors can be found on page 11 of the Annual Report and on our website.

Minimum Competencies

Board policy sets out the minimum competencies regarding personal attributes, skills and knowledge that each Director will bring to People's Choice. The Nominations Committee in forming its view assesses all election nominees with regard to these minimum competencies. During the year the Board reviewed the Board skills matrix to refine the definition of the skills, experience and diversity required of the Board currently and in the future. The Board is mindful of the changing and competitive environment in which People's Choice operates and continues to monitor its current competencies in line with increasing regulatory requirements and consumer expectation, including in relation to new and emerging digital technologies.

As a behavioural principle, Directors are required to be independent in both judgement and action. Each Director is required to maintain and demonstrate this independence of thought and action at all times while acting in the role of Director. Board policy also addresses issues relating to Director benefits and conflicts of interest. Directors generally are not permitted to offer, seek or accept benefits in the performance of their duties and any unsolicited benefits received are to be disclosed at the following Board meeting. Where a Director has a material personal interest in a matter, that Director is required to disclose the interest and leave the meeting during the consideration of, or voting on, that matter.

Director Development

Relevant Board policy outlines the knowledge requirements for Directors and provides the high level guidelines for new Director induction, as well as the standards for ongoing Director development.

Refreshment and Renewal

The Board recognises the importance of refreshment and renewal of individual Directors as well as the Board as a whole and this is incorporated in the Board Charter.

Individual Directors are required on a regular basis to refresh and renew their knowledge generally and on matters specific to People's Choice and the environment in which it operates. Board policy requires that each Director must be able to demonstrate his/her personal refreshment and renewal process to the Board and relevant third parties as needed. Refreshment and renewal is included as part of an individual Director's performance assessment and is also tested externally as part of the Nominations Committee process when Directors offer themselves for re-election.

In accordance with Board policy the Corporate Governance Committee is required to undertake a review of the Board's refreshment and renewal where effective change in the composition of the Board has not occurred over a three year period. During the year, the Corporate Governance Committee and the Board considered refreshment and renewal matters.

Performance

The Board has established a policy for the conduct of a three-year cycle of annual Board reviews, comprising:

- Year 1: Internal self and peer assessment of the performance of the Board of Directors as a group, Board Committees, Individual Directors and Chair;
- Year 2: External review of the Board of Directors as a group, Board Committees, individual Directors and the Chair;
- Year 3: Internal short self-assessment questionnaire by Directors on the performance of the Board of Directors as a group and the key areas for focus in the next 12 months.

The internal assessments are conducted by the Chair and Corporate Secretary using a survey of relevant questions and the external assessments are conducted by an independent facilitator. Where applicable, assessment includes feedback from Executive Management. Whole of Board review findings are discussed by Directors and development plans formulated at a subsequent meeting, as are committee findings at the next committee meeting. Findings from individual Director surveys are discussed on a confidential basis between each Director and the Chair and findings from the Chair's review are discussed between the Chair and the Audit Committee Chair. In 2016 an externally facilitated review corresponding with Year 2 of the Board performance assessment cycle was undertaken. An internal assessment corresponding to Year 3 of the cycle was conducted in June 2017.

COMMITTEES OF THE BOARD

The Board has established three standing committees as described below to consider detailed matters. Generally, committees consider the various matters and make recommendations to the Board; however some decisions, within the parameters of Board policy, have been delegated to committees. Each committee's authority and responsibilities are set out in their individual terms of reference, as approved by the Board. Other committees may be established from time to time to consider matters of particular importance. Committee members are chosen for the skills, experience and other relevant qualities they bring to the committee.

The committees generally meet to consider and make recommendations or decisions on matters within their terms of reference. Committee Chairs give verbal reports to the Board at the next Board meeting, and minutes of all committee meetings are reviewed by the Board. All information prepared for the consideration of committees is also available to the Board.

Standing Committees

Standing committees in operation during or since the end of the financial year were the Audit, Corporate Governance and Risk Committees, details of which are provided below.

Audit Committee – the Audit Committee meets at least three times a year and assists the Board in fulfilling its responsibilities relating to: the audit, accounting, and reporting obligations; monitoring compliance with the established policies of People's Choice; and monitoring Internal and External Auditors (including the independence of the Internal and External Auditors). This committee has a number of particular requirements which include that the Chair of the committee cannot be the Chair of the Board and that the committee can and does meet with the Internal and/or External Auditors without the presence of the Managing Director or Management.

Corporate Governance Statement (continued)

Corporate Governance Committee – the Corporate Governance Committee meets at least three times a year and assists the Board in adopting and implementing good corporate governance in the areas of the appointment and performance monitoring of the Managing Director or Chief Executive Officer, Non-Executive Director appointment, remuneration, recommending to the Board management remuneration levels in accordance with the Board Remuneration Policy, Board performance reviews, oversight of the "fit and proper" framework, monitoring the size and composition of the Board and reviewing Executive and Director succession plans. The committee is also responsible for the oversight and conduct of the Director elections and the Annual General Meeting. A Nominations Committee is established in association with Director elections, and operates under the guidance of the Corporate Governance Committee. The Nominations Committee comprises the Chair of the Board (except when standing for re-election) and two external members with suitable skills and knowledge who are not Directors, staff or members of People's Choice. The Nominations Committee assists the Board to manage the process for nomination of Directors, including conducting interviews with nominees and preparing statements to assist Members to make an informed voting decision.

Risk Committee – the Risk Committee meets at least three times a year and ensures that People's Choice adopts an integrated approach to risk management including treasury risk management and capital management, dealing with all risks of the portfolio including those to do with the balance sheet and interest rates, credit risk that arises in the credit portfolio, operational risk management including regulatory risk management as part of the day to day conduct of the business and alignment with prudential standards. The Risk Committee is also responsible for ensuring work health and safety risks are properly identified and effectively managed, and that the work health and safety performance of People's Choice is monitored and the relevant policies are reviewed regularly. This committee has a particular requirement that the Chair of the committee cannot be the Chair of the Board.

STANDARDS

The Board acknowledges the need for, and continued maintenance of the highest standards of corporate governance and therefore adopts practices including:

- A Code of Conduct that applies to all staff, management and Directors;
- An annual review of Board performance;
- Active participation by all Directors at all meetings and open access to information;
- Regular Executive Management presentations;
- The Managing Director, Chief Risk Officer and Chief Financial Officer provide an assurance statement on the accuracy and completeness of financial information and risk management processes, in accordance with relevant standards and regulatory legislation;
- The Managing Director and the other Executives provide assurance to the Board that the business of People's Choice has been conducted ethically and all dealings have been conducted transparently with the Board;
- Annual performance evaluations are undertaken for all Executive Management;
- The transparency of information to members through publication of regulatory notices on the People's Choice website;
- The gearing of Board Policies towards risk management to safeguard the assets and interests of People's Choice whilst maintaining a balanced view of its operating environment;
- Non-Executive Director remuneration is approved by members at the Annual General Meeting. The Board regularly undertakes benchmarking and/or seeks independent advice to determine recommended Non-Executive Director remuneration levels;
- Allowing Non-Executive Directors to seek independent professional advice at the expense of People's Choice.

REMUNERATION REPORT

In accordance with APRA standard *APS 330 Public Disclosure*, the People's Choice remuneration report can be found under About Us in the Regulatory Disclosures section on our website, as part of the Prudential Disclosure Statement.

DIVERSITY

The Board is committed to diversity and the promotion of an environment conducive to the appointment of well-qualified employees, Executive Management and Directors. A diversity policy has been developed and is in place to assist People's Choice maintain a workplace which values and respects individual differences. This policy recognises the diversity of People's Choice's workforce and has established measurable targets that support achieving diversity in the workplace. These targets are reported to, and monitored by the Board on an annual basis.

People's Choice has achieved gender diversity at all levels. The gender breakdown at People's Choice is as follows:

	Male	%	Female	%	Total
Board Members	4	50	4	50	8
Executive Managers	5	83	1	17	6
Other Managers	88	44	110	56	198
Other Employees	239	29	598	71	837
Total Workforce	336	32	713	68	1049

INTERNAL AUDIT

The Internal Auditors assist the Board via the Audit Committee in reviewing, reporting and making recommendations on the existence, effectiveness and efficiency of internal controls and compliance with internal controls and regulatory requirements. In 2017 the Board transitioned from having an in-house internal audit function to an outsourced arrangement with a professional audit firm.

The Audit Committee is responsible for approving the program and scope of Internal Audit activities each financial year.

INTERNAL AND EXTERNAL AUDIT INDEPENDENCE

The Audit Committee oversees, and makes recommendations to the Board on the appointment of People's Choice's Internal and External Auditors.

The External Auditors were appointed in 1997. The Audit Committee oversees the procedure for rotation of the lead External Audit engagement partner.

The Audit Committee closely monitors the independence of the Internal and External Auditors and regularly reviews the independence safeguards put in place by the Internal and External Auditors.

During the course of the financial year the Audit Committee meets with the Internal Auditors without the External Auditors or other members of management being present and with the External Auditors without the Internal Auditors or members of management being present.

REMUNERATION OF THE BOARD

The Corporate Governance Committee reviews and recommends the level of the Managing Director's remuneration for approval by the Board. The Corporate Governance Committee assists the Board in determining the aggregate level of remuneration of Non-Executive Directors to be recommended for approval by members at the Annual General Meeting following benchmarking and/or receipt of independent advice.

Corporate Governance Statement (continued)

BOARD POLICIES

People's Choice maintains policies relating to its operational, compliance, legal and regulatory reporting requirements which are reviewed on a regular basis. These policies are supported by procedures to ensure compliance and effective monitoring of People's Choice's business. Further details can be found on the Corporate Governance Section of our website.

MEETINGS OF THE BOARD AND BOARD COMMITTEES

The membership and details of attendances at meetings of the People's Choice Board and Committees are outlined below:

Director	Director Type	Board		Audit		Corporate Governance		Risk	
		A[1]	B	A	B	A	B	A	B
J.L. Cossons (Chair)	M	9	9			6	6		
S.P.W. Laidlaw (Managing Director) [2]	E	-	-						
Dr R.H.S. Brooks	M	9	8[3]			2	2	4	4
S.M. Day[4]	D	3	3					3	3
V.S. Hickey	M	9	9	5	5	6	6	2	2
E.T. McGuirk	M	9	9	5	4			6	5
J. McMahon	M	9	9	7	7				
K.A. Skipper	M	9	9	2	2	4	4		
J.P. Patton[5]	D	6	6	2	2			3	3

(1) *Eight scheduled Board meetings and one ad hoc meeting were held during the year.*
(2) *Managing Director Laidlaw was appointed as Managing Director effective 1 September 2017.*
(3) *Meeting not attended during pre-approved leave of absence.*
(4) *Mr Day retired as a Director at the AGM held on 27 October 2016*
(5) *Director Patton was appointed as a Director effective 27 October 2016.*

A The number of meetings held during the period the Director was a member of the Board or Board Committee
B The number of meetings attended by the Director.
M Member-elected Directors
D Board-appointed Directors
E Executive Director

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the members of Australian Central Credit Union Ltd

Opinion

We have audited the ***Financial Report*** of Australian Central Credit Union Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group*** and Company's financial position as at 30 June 2017 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Statements of financial position* as at 30 June 2017
- *Statements of profit or loss and other comprehensive income, Statements of changes in equity, and Statements of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration.*

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group and Company in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report (continued)

KPMG

Other Information

Other Information is financial and non-financial information in Australian Central Credit Union Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and Corporate Governance Statement.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

Independent Auditor's Report (continued)

KPMG

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar7.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

J Evans

John Evans

Partner

Adelaide

1 September 2017

Directors' Declaration

DIRECTORS' DECLARATION

In the opinion of the Directors of the Credit Union:

a) the financial statements and notes of the Credit Union and of the Group, set out on pages 25 to 77 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Credit Union's and the Group's financial position as at 30 June 2017 and of their performance, for the financial year ended on that date;

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b) the financial statements also comply with the International Financial Reporting Standards as disclosed in Note 2;

c) there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.

Signed in Adelaide this 1st day of September, 2017
in accordance with a resolution of the Board of Directors of the Credit Union.

J. L. COSSONS	**S. P. W. LAIDLAW**
Chair	**Managing Director**

Statements of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated		Credit Union	
		2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Interest income	4	**327,612**	332,728	**360,855**	363,126
Interest expense	4	**(162,544)**	(169,033)	**(202,709)**	(205,749)
Net interest income		**165,068**	163,695	**158,146**	157,377
Net change in fair value of financial assets/liabilities at fair value through profit or loss		**28**	79	**28**	79
Share in net profit of equity accounted investees	13	**1,232**	1,676	**-**	-
Other income	4	**74,523**	72,768	**78,681**	76,502
Non-interest income		**75,783**	74,523	**78,709**	76,581
Impairment losses on loans and advances	9	**(4,888)**	(4,430)	**(4,888)**	(4,330)
Other expenses	5	**(189,945)**	(184,388)	**(187,463)**	(181,936)
Profit before tax		**46,018**	49,400	**44,504**	47,692
Income tax expense	6	**(12,938)**	(13,452)	**(12,486)**	(13,256)
Profit for the year		**33,080**	35,948	**32,018**	34,436
Profit attributable to:					
Members of the parent		**33,080**	35,948	**32,018**	34,436
Other comprehensive income					
Cash flow hedges:					
Net change in fair value of cash flow hedges transferred to profit or loss		**1,326**	1,165	**1,326**	1,165
Effective portion of changes in fair value of cash flow hedges		**3,004**	(1,168)	**3,004**	(1,168)
Changes in fair value of available for sale financial assets		**1,933**	(629)	**1,933**	(629)
Income tax on items of other comprehensive income		**(1,879)**	190	**(1,879)**	190
Other comprehensive income for the year, net of income tax		**4,384**	(442)	**4,384**	(442)
Total comprehensive income for the year		**37,464**	35,506	**36,402**	33,994

The Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Financial Position

AS AT 30 JUNE 2017

	Note	Consolidated		Credit Union	
		2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Assets					
Cash and cash equivalents	7	**167,324**	173,913	**117,836**	124,774
Loans and advances	8	**6,861,455**	6,445,498	**6,861,455**	6,445,498
Available for sale investment securities	10	**753,731**	775,905	**751,501**	768,535
Other investments	10	**15,738**	13,882	**790,257**	758,650
Property, plant and equipment	11	**38,180**	40,151	**38,180**	40,151
Intangible assets	12	**10,893**	10,801	**2,557**	2,466
Interest in equity accounted investees	13	**8,810**	6,930	**4,240**	2,740
Current tax receivable	6	**-**	3,950	**-**	3,950
Deferred tax assets	6	**14,139**	14,797	**14,779**	16,841
Derivative assets	29 g	**1,822**	3,770	**2,403**	6,685
Other assets	14	**23,822**	24,711	**30,320**	24,784
Total Assets		**7,895,914**	7,514,308	**8,613,528**	8,195,074
Liabilities					
Deposits	15	**5,802,013**	5,501,037	**5,802,234**	5,501,218
Derivative liabilities	29 g	**3,182**	9,459	**1,593**	5,408
Other payables	16	**61,912**	64,701	**69,004**	69,166
Borrowings	17	**1,431,448**	1,383,349	**2,156,053**	2,073,650
Current tax payable	6	**3,355**	-	**3,355**	-
Deferred tax liabilities	6	**5,182**	4,635	**4,499**	5,468
Provisions	18	**18,068**	17,836	**17,918**	17,693
Total Liabilities		**7,325,160**	6,981,017	**8,054,656**	7,672,603
Net Assets		**570,754**	533,291	**558,872**	522,471
Equity					
Reserves	19	**192,368**	188,082	**192,362**	188,076
Retained earnings		**378,386**	345,209	**366,510**	334,395
Total Equity		**570,754**	533,291	**558,872**	522,471

The Statements of Financial Position are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated Entity	Note	Reserves $'000	Retained Earnings $'000	Total $'000
Opening balance at 1 July 2016		**188,082**	**345,209**	**533,291**
Profit for the year after tax		**-**	**33,080**	**33,080**
Other comprehensive income, net of income tax				
Cash flow hedges:				
Effective portion of changes	19	**2,102**	**-**	**2,102**
Taken to profit or loss	19	**928**	**-**	**928**
Change in fair value of available for sale financial assets	19	**1,353**	**-**	**1,353**
Total comprehensive income for the period		**4,383**	**-**	**4,383**
Transactions recorded directly in equity				
Redeemed member shares	19	**23**	**(23)**	**-**
General reserve for credit losses	19	**(120)**	**120**	**-**
Total transfer to reserves		**(97)**	**97**	**-**
Closing balance at 30 June 2017		**192,368**	**378,386**	**570,754**
Opening balance at 1 July 2015		184,936	312,850	497,786
Profit for the year after tax		-	35,948	35,948
Other comprehensive income, net of income tax				
Cash flow hedges:				
Effective portion of changes	19	(819)	-	(819)
Taken to profit or loss	19	816	-	816
Change in fair value of available for sale financial assets	19	(440)	-	(440)
Total comprehensive income for the period		(443)	-	(443)
Transactions recorded directly in equity				
Redeemed member shares	19	37	(37)	-
General reserve for credit losses	19	3,552	(3,552)	-
Total transfer to reserves		3,589	(3,589)	-
Closing balance at 30 June 2016		188,082	345,209	533,291

The Statements of Changes in Equity are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Changes in Equity (continued)

FOR THE YEAR ENDED 30 JUNE 2017

Credit Union	Note	Reserves $'000	Retained Earnings $'000	Total $'000
Opening balance at 1 July 2016		**188,076**	**334,395**	**522,471**
Profit for the year after tax		**-**	**32,018**	**32,018**
Other comprehensive income, net of income tax				
Cash flow hedges:				
Effective portion of changes	19	**2,102**	**-**	**2,102**
Taken to profit or loss	19	**928**	**-**	**928**
Change in fair value of available for sale financial assets	19	**1,353**	**-**	**1,353**
Total comprehensive income for the period		**4,383**	**-**	**4,383**
Transactions recorded directly in equity				
Redeemed member shares	19	**23**	**(23)**	**-**
General reserve for credit losses	19	**(120)**	**120**	**-**
Total transfer to reserves		**(97)**	**97**	**-**
Closing balance at 30 June 2017		**192,362**	**366,510**	**558,872**
Opening balance at 1 July 2015		184,930	303,548	488,478
Profit for the year after tax		-	34,436	34,436
Other comprehensive income, net of income tax				
Cash flow hedges:				
Effective portion of changes	19	(819)	-	(819)
Taken to profit or loss	19	816	-	816
Change in fair value of available for sale financial assets	19	(440)	-	(440)
Total comprehensive income for the period		(443)	-	(443)
Transactions recorded directly in equity				
Redeemed member shares	19	37	(37)	-
General reserve for credit losses	19	3,552	(3,552)	-
Total transfer to reserves		3,589	(3,589)	-
Closing balance at 30 June 2016		188,076	334,395	522,471

The Statements of Changes in Equity are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated		Credit Union	
		2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Cash from operating activities					
Interest received		**327,507**	332,536	**360,746**	362,935
Interest paid		**(159,301)**	(169,124)	**(194,253)**	(204,924)
Fee and commission received		**51,078**	51,254	**48,525**	48,270
Other income received		**22,629**	24,618	**28,507**	29,937
Net increase in loans and advances		**(420,845)**	(516,361)	**(420,845)**	(516,259)
Net increase in deposits and withdrawable share capital		**300,976**	515,514	**301,016**	515,591
Payments to employees and suppliers		**(185,000)**	(178,485)	**(186,410)**	(176,439)
Income taxes paid		**(6,036)**	(18,355)	**(6,036)**	(17,436)
Net cash from operating activities	20	**(68,992)**	41,597	**(68,750)**	41,675
Cash from investing activities					
Net decrease/(increase) in available for sale investment securities		**23,526**	(60,900)	**18,387**	(62,021)
Acquisition of non-tradeable investments		**(3,356)**	(4,512)	**(33,107)**	(128,244)
Acquisition of property plant and equipment		**(8,982)**	(16,764)	**(8,982)**	(16,764)
Proceeds from sale of property, plant and equipment		**139**	34	**139**	34
Dividends and distributions received		**2,972**	3,324	**2,972**	3,324
Net cash from investing activities		**14,299**	(78,818)	**(20,591)**	(203,671)
Cash from financing activities					
New borrowings		**-**	-	**86,289**	287,680
Proceeds from residential backed securities issue		**717,696**	839,487	**-**	-
Repayment of borrowings		**(3,886)**	(95,192)	**(3,886)**	(95,193)
Payment to Noteholders		**(665,705)**	(670,304)	**-**	-
Net cash from financing activities		**48,104**	73,991	**82,403**	192,487
Net increase/(decrease) in cash and cash equivalents		**(6,589)**	36,770	**(6,938)**	30,491
Cash and cash equivalents at 1 July		**173,913**	137,143	**124,774**	94,283
Cash and cash equivalents at 30 June	7	**167,324**	173,913	**117,836**	124,774

The Statements of Cash Flows are to be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of Australian Central Credit Union Ltd (trading as People's Choice Credit Union) (the "Credit Union"), and its controlled entities (together referred to as the "Group") for the year ended 30 June 2017 was authorised for issue in accordance with a resolution by the Directors on 1 September 2017.

The Credit Union is a for-profit entity and domiciled in Australia.

The Group is primarily involved in the provision of loans to members and customers, savings and investment facilities, the sale of insurance policies, Mutual Aid, financial planning and corporate superannuation services. There was no significant change in the nature of these activities during the year.

The controlling entity of the Group is Australian Central Credit Union Ltd. The registered office and principal place of business is 50 Flinders St, Adelaide, SA, Australia 5000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial reports of the Group and of the Credit Union comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

b) Basis of measurement

The financial report has been prepared in accordance with the historical cost convention, except for derivative financial assets and liabilities and available for sale financial investments which are measured at their fair value. Loans and advances and financial liabilities are carried at amortised cost.

The financial report has been prepared on a going concern basis.

c) Functional and presentation currency

The financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

d) Use of judgements and estimates

The preparation of a financial report in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable when making the judgement about the carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2.3 b) and 9 — Provision for impairment of loans and advances
- Note 12 — Measurement of the recoverable amounts of cash generating units
- Note 30 — Fair value of financial instruments

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.2 Basis of consolidation

Controlled entities

The Credit Union controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the controlled entity. The financial statements of controlled entities are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

In the financial report, investments in controlled entities are carried at cost. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial report. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Special purpose entities

The Group has established a number of special purpose entities ("SPEs") for the purpose of issuing of Residential Mortgage Backed Securities ("RMBS"). The SPE’s are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of SPEs are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in equity accounted investees

The Group’s interests in equity accounted investees comprise interests in an associate and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the Profit or Loss and Other Comprehensive Income of equity accounted investees, until the date on which significant influence or joint control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (continued)

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date on which control is transferred to the Group. The identifiable assets and liabilities of the acquiree are recognised at their fair value at acquisition date.

Goodwill is recognised if, and to the extent that, the consideration transferred exceeds the fair value of the acquiree's identifiable assets acquired and liabilities assumed.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

2.3 Financial assets and liabilities

a) Cash and cash equivalents

Cash and cash equivalents comprise notes and coins on hand and deposits at call with Authorised Deposit-Taking Institutions ("ADIs") and are stated at the gross value of the outstanding balance. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flows.

b) Loans and advances

Loans and advances comprise term and revolving credit facilities provided to members and members' overdrawn savings accounts. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan or advance to the carrying amount of the loan or advance. When estimating the future cash flows, the Credit Union considers all contractual terms of the loan or advance excluding any future credit losses. Included in this calculation are all fees paid or received that are integral to the contract.

Impairment of loans and advances

All loans are subject to a continuous management review process to assess whether there is any objective evidence that any loan or group of loans is impaired.

Impairment of loans and advances is recognised when objective evidence is available that a loss event has occurred.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The amount required to bring the specific and collective provision to the level assessed is recognised in the Statements of Profit or Loss and Other Comprehensive Income as set out in Note 9.

(i) Specific Provision

Loans and advances that meet significant delinquency and loan size criteria are individually assessed for impairment to estimate the likely loss on the loan.

(ii) Collective Provision

Loans and advances that do not meet significant delinquency criteria are not individually assessed but are placed into portfolios of assets with similar risk profiles and a collective assessment of impairment is performed based on objective evidence from historical experience.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Financial assets and liabilities (continued)

b) Loans and advances (continued)

(ii) Collective Provision (continued)

The evaluation process is subject to a series of estimates and judgements. In the risk rated exposure, the risk rating system, including the frequency of default and loss given default rates, loss history, and the size, structure and diversity of individual borrowers are considered. Current developments in portfolios (industry, geographic and term) are reviewed.

In the statistically managed retail exposures, the history of defaults and losses, and the size, structure and diversity of portfolios are considered.

In addition, management considers overall indicators of portfolio performance, quality and economic conditions. Changes in these estimates could have a direct impact on the level of provision determined.

(iii) General Reserve for Credit Losses

The difference between the impairment provisions calculated under IFRS and those required by APRA is represented by a General Reserve for Credit Losses within equity. Transfers to and from the General Reserve for Credit Losses are made as an appropriation of retained earnings.

Loans and advances are reviewed and graded according to the assessed level of credit risk. Classifications adopted are as follows:

- **Past-due loans** - are loans and advances where the borrower has failed to make a repayment when contractually due.
- **Restructured loans** - arise when the borrower is granted concessional terms or conditions due to difficulties in meeting the original contractual terms, and the revised terms are more favourable than comparable new facilities.
- **Impaired loans** - are loans and advances where the full recovery of outstanding principal and interest is considered doubtful.
- **Assets acquired through the enforcement of security** - are assets (usually residential property or motor vehicles) acquired in full or partial settlement of an advance through the enforcement of security arrangements. The recoverable value of such assets forms part of the net value of loans and advances as part of the estimated future cash flows.

c) Financial instruments - non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Financial assets and liabilities (continued)

c) Financial instruments - non-derivative financial instruments (continued)

(i) Available for sale investment securities

Financial instruments held by the Group classified as being available for sale are non-derivative financial assets and are stated at fair value. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve, except for impairment losses. Where the financial instruments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income, and presented in the fair value reserve in equity, is transferred to profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest rate method is recognised in profit or loss.

The fair value of financial instruments classified as available for sale is estimated using discounted cash flow analysis, based on current market rates for similar arrangements. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost. If the relevant market is not considered active (or the securities are unlisted), the Group establishes fair value by using recent arm's length transactions.

Financial instruments classified as available for sale investment securities are recognised/derecognised by the Group on the date it commits to purchase/sell the investments.

(ii) Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Investments in controlled entities are carried at cost.

d) Interest-bearing borrowings

Interest-bearing borrowings (inclusive of member deposits) are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using an effective interest rate method.

e) Financial instruments - derivative financial instruments

The Group uses interest rate swaps to hedge its exposure to interest rate risks arising from operational and financing activities. In accordance with Group Risk Appetite and Board policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for at fair value through profit and loss.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (refer Note 2.3 e) (i)).

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Financial assets and liabilities (continued)

e) Financial instruments - derivative financial instruments (continued)

The fair value of interest rate swaps is the present value of the future cash flows that the Group would receive or pay to terminate the swap at the balance date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Where a financial asset does not qualify for derecognition the associated basis swaps are recognised on an accrual basis in accordance with AASB 139 *Financial Instruments Recognition and Measurement*.

Further details of derivative financial instruments are disclosed in Note 29.

Sale of a security with a total return swap

The Group sells debt securities that are subject to a concurrent total return swap. In all cases, the Group retains substantially all of the risks and rewards of ownership resulting in the Group continuing to recognise the transferred securities in its Statements of Financial Position. The cash received is recognised as a financial asset and a corresponding liability is recognised.

The Group does not separately recognise the total return swap that prevents derecognition of the security as a derivative because doing so would result in recognising the same rights and obligations twice. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

(i) Hedging

On entering into a hedging relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting period as designated.

(ii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. When the forecast transaction subsequently results in the recognition of a non-financial asset or liability, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, then the associated gains or losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects the Statements of Profit or Loss and Other Comprehensive Income (i.e. when the interest income is recognised).

Effectiveness tests are performed on derivative financial instruments to determine if they are still providing the protection originally intended when entered into by the Group. Where a derivative financial instrument that was previously considered to be effective no longer satisfies the effectiveness test criteria, any gain or loss on the instrument previously recognised in other comprehensive income is reversed through profit or loss with all subsequent gains or losses recognised through profit or loss.

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes to its fair value are recognised directly in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Financial assets and liabilities (continued)

f) Other receivables

Other assets include non-interest bearing receivables that are stated at cost less impairment losses (see Note 2.5).

g) Other payables

Other payables are non-interest bearing, are normally settled on thirty day terms and are stated at amortised cost.

2.4 Non-financial assets and liabilities

a) Acquisition of assets

All assets acquired, including property, plant and equipment and intangibles (other than goodwill), are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Group if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

The costs of assets constructed or internally generated by the Group (other than goodwill), include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure, including that on internally generated assets (other than research costs), is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Owned assets

Property, plant and equipment

Property, plant and equipment is measured at cost, less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Leasehold improvements	5 – 10 years
Furniture, equipment and technology	2 – $13^{1/3}$ years

The expected useful life of an asset and the depreciation method applied is reassessed at least annually.

Leased assets

Leases of plant and equipment in relation to which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases and not recognised in the Group's Statements of Financial Position. The Group does not currently hold any finance leases.

Payments made under operating leases are expensed over the term of the lease.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Non-financial assets and liabilities (continued)

b) Intangible assets

(i) Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment (refer Note 12).

Negative goodwill arising on acquisition is recognised directly in profit or loss.

(ii) Acquired Contractual Rights

The amount relating to acquired contractual rights to future cash flows is measured at cost less accumulated amortisation and accumulated impairment losses. Acquired contractual rights are amortised to profit or loss over the expected useful life of the asset.

(iii) Software

Software assets that are not integral to the operation of hardware are recognised as intangible assets with a finite life. Where the expenditure is of a significant amount and there are related benefits which are expected to be realised over the medium to long term, it is deferred and amortised on a straight line basis over the period in which the benefits are expected to be realised.

(iv) Amortisation

Intangible assets are amortised over their expected useful lives. The amortisation rates used for each class of intangible asset in the current and comparative periods are as follows:

Acquired contractual rights	5 years
Software	2 – 7 years

Amortisation methods, useful lives and residual values are reviewed at least annually and adjusted where appropriate.

(v) Impairment

For goodwill and other intangible assets that have an indefinite life, the recoverable amount is estimated annually.

An impairment loss is recognised whenever the carrying amount of an asset (either in its own right or as part of a cash generating unit) exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised in profit or loss.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Non-financial assets and liabilities (continued)

c) Provisions

Employee entitlements

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

All employees, upon satisfying eligibility tests, may participate in an accumulation defined contribution superannuation plan. The Group's contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. The Group has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees on retirement. The Group does not provide any employees with a defined benefit superannuation plan.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Make good

A provision is made for the anticipated costs of restoring leased premises to their original condition at the end of the lease term in current dollar values. The provision is assessed at each balance date for expired leases.

Onerous contracts

The group is a lessee in a number of non-cancellable contracts for leased sites that are no longer utilised. The obligation for the discounted future lease payments has been provided for.

2.5 Impairment

The carrying amount of the Group's assets, other than deferred tax assets (see Note 2.8) and loans and advances (see Note 2.3 b), are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated for signs of objective evidence indicating that impairment may have occurred. Where objective evidence of impairment exists the asset's recoverable amount is determined.

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with details in the group.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Impairment (continued)

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In general, the Group considers a decline of 20% to be ‘significant’ and a period of nine months to be ‘prolonged’. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

When a decline in the fair value of an available for sale financial asset has been recognised in other comprehensive income, and presented in the fair value reserve in equity, and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is transferred to profit or loss, even though the financial asset has not been derecognised. The amount of the cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

The recoverable amount of a financial asset is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short-term duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(i) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the reversal recognised in profit or loss.

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss no longer exists, and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

a) the right to receive cash flows from the asset has expired;

b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them without material delay to a third party; or

c) the Group has transferred its rights to receive cash flows from the asset and either:

    (i) has transferred substantially all the risks and rewards of the asset; or

    (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.7 Revenue recognition

(i) Interest revenue

Interest on loans and advances is recognised as it accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the loan or advance to the net carrying amount of the loan or advance. When estimating the future cash flows the Group considers all contractual terms of the loan or advance excluding any future credit losses. Included in this calculation are all fees paid or received that are integral to the contract. All interest is recognised on an accruals basis.

(ii) Revenue from services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the costs incurred or to be incurred cannot be measured reliably.

(iii) Dividends

Dividends from other investments are recognised when the right to receive the dividend has been established.

(iv) Fees and commissions

Revenue is recognised on an accruals basis upon the provision of services from acting in the capacity of an agent rather than as the principal in a transaction.

(v) Other non-interest income

Mutual Aid income is recognised over the average life of the associated loans.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax consolidation

The Credit Union and its Australian wholly-owned controlled entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the consolidated group is Australian Central Credit Union Ltd, trading as People's Choice Credit Union.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group. This is applied using the separate taxpayer within group approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Franking account

The Group has generated franking credits through paying income tax, including credits which will arise from the payment of income tax provided for in the financial statements.

The ability to use these franking credits is restricted by the Constitution of the Credit Union which does not currently permit dividend payments.

2.9 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the ATO, is included as an asset or liability in the Statements of Financial Position.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO, are classified as operating cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Deferred borrowing costs

Deferred borrowing costs include costs associated with the establishment of a number of separate securitisation facilities. These costs are amortised over the expected life of the facilities.

2.11 Securitisation

The Credit Union through its loan securitisation program securitises mortgage loans to SPEs, which in turn issue securities to investors. Fees are received for various services provided to the SPEs on an arms-length basis, including servicing fees and management fees and are reported in profit or loss. The Credit Union also provides arms-length interest rate swaps and loan facilities to the SPEs.

Costs incurred in the establishment of a securitisation issue are amortised over the expected life of the issue.

Details of the transfer of financial assets to third parties and/or SPEs during the year are disclosed in Note 23.

3. COMPLIANCE WITH IFRS

a) Recently issued or amended standards not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2017, but have not been applied in preparing this financial report:

Standard Title	**AASB 9 *Financial Instruments***
Nature of change	AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and liabilities, and introduces new rules for hedge accounting and loan provisioning.
Impact	The actual impact of adopting AASB 9 on the Group's consolidated financial statements on the application date is not known and cannot be reliably estimated because it will depend on the financial instruments that are held at a point in time, future economic conditions, accounting judgements and accounting elections that are yet to be made. However the Group has performed a preliminary assessment of the potential impact upon adoption. *i. Classification - Financial assets and Financial liabilities* The classification and measurement approach for financial assets under AASB 9 reflects the business model in which the assets are managed and their cash flow characteristics. Financial assets are classified into three categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). Financial assets currently classified as available for sale are expected to satisfy the conditions for classification as FVOCI and loans and receivables will continue to be measured at amortised cost, hence there is not expected to be a change to the measurement or recognition of these assets. AASB 9 largely retains the existing requirements for the classification of liabilities of AASB 139 *Financial Instruments : Recognition and Measurement* with the exception of the treatment of changes in the credit risk of financial liabilities designated at FVTPL which will be presented in Other Comprehensive Income. As at 30 June 2017, the Group has not designated any financial liabilities at FVTPL and therefore treatment of financial liabilities will remain largely unchanged. *ii. Impairment* AASB 9 replaces the 'incurred loss' model applied in AASB 139 with an expected credit loss (ECL) model. This forward-looking approach will require considerable judgement in evaluating the forecasted direction of the economic cycle and the economic factors that affect ECL. The application of AASB 9 is expected to result in earlier recognition of expected losses and an increase to the provision for impairment. This increase will likely be offset by a reduction in the general reserve for credit losses (GRCL). The total quantitative impact is currently being determined and will be subject to the characteristics of the loan portfolio at the time of application and forecast economic direction at that point in time.

3. COMPLIANCE WITH IFRS (Continued)

a) Recently issued or amended standards not yet effective (Continued)

Standard Title	AASB 9 *Financial Instruments* (Continued)
Impact	*iii. Hedge accounting* The new hedge accounting rules are more principles-based to align closer to the Group's risk management practices. No significant impact is expected based on the existing interest rate swap contracts. *iv. Disclosures* AASB 9 will require extensive new disclosures in particular with regards to hedge accounting, credit risk and expected credit losses. The Group is in the process of developing and implementing systems and controls to capture the required data for such disclosures.
Date of application and adoption	AASB 9 is mandatory for annual periods beginning on or after 1 January 2018 but is available for early adoption. The Group does not plan to early adopt AASB 9.

Standard Title	AASB 15 *Revenue from Contracts with Customers*
Nature of change	This standard will replace AASB 118 *Revenue* which covers revenue arising from the sale of goods and rendering of services and AASB 111 *Construction Contracts*. The new standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised.
Impact	An initial assessment of the potential impact of the adoption of AASB 15 on the Group's consolidated financial statements has been completed. *i. Revenue from services rendered* The Group provides services including the provision of financial advice to members, management and custodial services to securitisation trusts and the management of mortgage portfolios. Revenue for the rendering of services is currently recognised using the stage-of-completion method with the purchase price allocated based on a relative fair value basis. Under AASB 15, the total consideration will be allocated to all services based on their stand-alone selling prices. No significant differences are expected in the timing of revenue recognition for these services. *ii. Fees and commissions* Commissions earned by the Group relate to the Group acting in the capacity of an agent for certain transactions, as detailed in Note 2.7(iv). Under AASB 15, the assessment will be based on whether the Group controls specific goods before transferring to the end customer, rather than whether it has exposure to significant risk and rewards associated with the sale of goods. No change is expected in the recognition or measurement of fees and commission revenue. Fees include upfront loans fees and transactional fee income which are recognised as and when performance obligations are satisfied. In the case of loans fees the performance obligation is satisfied over the life of the loan while transactions fee is at a point in time in which the transaction takes place. The methodology for accounting for fees is not expected to change under AASB 15. *iii. Other non-interest income* In accordance with AASB 15, Mutual Aid fees are required to be allocated to specific performance obligations and recognised when each obligation is satisfied. The performance obligation for Mutual Aid applies consistently over the life of the loan therefore no change is expected to the recognition of Mutual Aid income.
Date of application and adoption	AASB 15 is mandatory for annual periods beginning on or after 1 January 2018 but is available for early adoption. The Group does not plan to early adopt AASB 15.

3. COMPLIANCE WITH IFRS (Continued)

a) Recently issued or amended standards not yet effective (Continued)

Standard Title	**AASB 16 *Leases***
Nature of change	AASB 16 *Leases* introduces a single lessee accounting model that requires a lessee to recognise assets (right to use underlying asset) and liabilities (obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying asset is of low value.
Impact	The Group's initial assessment indicates the most predominate impact will be the new assets and liabilities the Group will recognise in relation to its operating leases for ATMs and branches. Furthermore, the nature of the expenses relating to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for the right of use assets and interest expense on lease liabilities. The Group's non-cancellable operating lease commitments are disclosed in Note 21. The actual impact as at the date of transition will be affected by the transition method, exemptions chosen and the operating leases held as at the date of transition. The Group expects that adoption of AASB 16 will not impact its ability to comply with its Liquidity and Capital Adequacy requirements imposed by APRA. Refer to Note 29 b) and d) respectively.
Date of application and adoption	AASB 16 is mandatory for annual periods beginning on or after 1 January 2019 but is available for early adoption. The Group does not plan to early adopt AASB 16.

A number of other AASB standards are also available for early adoption, but have not been applied by the Group in these financial statements. These relate to standards that have limited/no application to the Group.

Notes to the Financial Statements

	Consolidated 2017 $'000	Consolidated 2016 $'000	Credit Union 2017 $'000	Credit Union 2016 $'000
4. REVENUE				
Interest income				
Cash and cash equivalents	**2,556**	2,733	**1,233**	1,717
Loans and advances	**307,496**	311,484	**307,496**	311,482
Available for sale investment securities	**17,527**	18,471	**17,475**	18,351
Interest rate derivatives	**-**	-	**10,964**	10,683
Other investments	**33**	40	**23,687**	20,893
Total interest income	**327,612**	332,728	**360,855**	363,126
Interest expense				
Deposits	**116,232**	121,142	**116,232**	121,142
Borrowings	**42,608**	44,124	**86,477**	84,607
Interest rate derivatives	**3,704**	3,767	**-**	-
Total interest expense	**162,544**	169,033	**202,709**	205,749
Net interest income	**165,068**	163,695	**158,146**	157,377
Other income				
Loan, access and other fee income	**30,761**	30,741	**36,637**	36,057
Insurance fees and commissions	**17,128**	14,742	**17,128**	14,742
Financial planning fees and commissions	**13,417**	13,799	**10,846**	10,842
Bad debts recovered	**1,643**	1,536	**1,643**	1,536
Dividends received	**2,119**	1,949	**2,972**	3,324
Mutual Aid income	**9,399**	9,847	**9,399**	9,847
Net gain on sale of property, plant and equipment	**5**	34	**5**	34
Other income	**51**	120	**51**	120
Total other income	**74,523**	72,768	**78,681**	76,502
5. EXPENSES				
Salary and wages	**86,567**	85,136	**85,655**	84,206
Superannuation	**7,353**	7,064	**7,261**	6,971
Administrative expenses	**21,425**	16,196	**19,994**	14,913
Depreciation on property, plant and equipment	**8,844**	8,942	**8,844**	8,942
Amortisation on intangible computer software	**1,529**	2,197	**1,529**	2,197
Amortisation on acquired intangible assets	**354**	563	**354**	563
Marketing costs	**7,157**	8,863	**7,267**	8,958
Rental operating leases	**14,916**	15,161	**14,845**	15,004
Other occupancy expenses	**4,938**	4,927	**4,867**	4,845
Distribution channel costs	**20,663**	19,860	**20,663**	19,860
Information technology costs	**16,199**	15,479	**16,184**	15,477
Total other expenses	**189,945**	184,388	**187,463**	181,936

Notes to the Financial Statements

	Consolidated 2017 $'000	Consolidated 2016 $'000	Credit Union 2017 $'000	Credit Union 2016 $'000
6. INCOME TAX				
Profit before tax	**46,018**	49,400	**44,504**	47,692
Tax at the tax rate of 30% (2016: 30%)	**13,806**	14,820	**13,351**	14,308
Adjust for tax effect of:				
Fully franked dividends received	**(636)**	(585)	**(891)**	(997)
Deferred tax on equity accounted associate	**(256)**	(412)	**-**	-
Sundry items	**46**	19	**46**	19
(Over)/under provision in prior years	**(22)**	(390)	**(20)**	(74)
Income tax expense	**12,938**	13,452	**12,486**	13,256
The components of tax expense comprise:				
Current tax	**13,612**	12,051	**13,272**	11,942
Deferred tax	**(674)**	1,401	**(786)**	1,314
	12,938	13,452	**12,486**	13,256
Income tax recognised in other comprehensive income				
Net gain/(loss) on cash flow hedges	**1,299**	(1)	**1,299**	(1)
Net gain/(loss) on available for sale investment securities	**580**	(189)	**580**	(189)
	1,879	(190)	**1,879**	(190)
Current tax receivable/(payable)	**(3,355)**	3,950	**(3,355)**	3,950
Deferred tax assets comprise:				
Amounts recognised in profit or loss				
Loans and advances impairment	**1,350**	1,254	**1,350**	1,254
Accrued superannuation	**249**	218	**246**	216
Unearned fee income	**4,287**	3,796	**4,287**	3,796
Depreciation	**1,855**	2,273	**1,855**	2,273
Provisions	**5,628**	5,532	**5,583**	5,488
Derivative liabilities at fair value through profit or loss	**-**	8	**688**	2,098
Intangible assets	**267**	-	**267**	-
Other items	**68**	102	**68**	102
	13,704	13,183	**14,344**	15,227
Amounts recognised directly in Equity				
Cash flow hedges	**435**	1,614	**435**	1,614
Total deferred tax assets	**14,139**	14,797	**14,779**	16,841
Deferred tax liabilities comprise:				
Amounts recognised in profit or loss				
Intangibles	**108**	375	**108**	374
Equity accounted associates	**1,370**	1,256	**-**	-
Derivative assets at fair value through profit or loss	**-**	-	**687**	2,090
	1,478	1,631	**795**	2,464
Amounts recognised directly in Equity				
Cash flow hedges	**120**	-	**120**	-
Fair value reserve - available for sale investment securities	**3,584**	3,004	**3,584**	3,004
Total deferred tax liabilities	**5,182**	4,635	**4,499**	5,468
Franking Account balance (tax provision basis)	**148,874**	145,090		

Notes to the Financial Statements

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
7. CASH AND CASH EQUIVALENTS				
Cash on hand and at bank	**19,261**	20,839	**19,261**	20,838
Deposits at call	**148,063**	153,074	**98,575**	103,936
	167,324	173,913	**117,836**	124,774
8. LOANS AND ADVANCES				
Revolving credit facilities	**324,484**	355,338	**324,484**	355,338
Term loans	**6,541,139**	6,095,482	**6,541,139**	6,095,482
Gross loans and advances	**6,865,623**	6,450,820	**6,865,623**	6,450,820
Provision for impairment (Note 9)	**(4,499)**	(4,181)	**(4,499)**	(4,181)
Loan origination and processing costs	**4,012**	3,200	**4,012**	3,200
Unearned income	**(3,681)**	(4,341)	**(3,681)**	(4,341)
Net loans and advances	**6,861,455**	6,445,498	**6,861,455**	6,445,498

The loan portfolio of the Group does not include any loans or groups of related loans which represent 10% or more of capital (2016: $Nil).

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
9. IMPAIRMENT OF LOANS AND ADVANCES				
Specific provision:				
Balance at beginning of year	**1,425**	1,615	**1,425**	1,615
Decrease in provision	**(121)**	(190)	**(121)**	(190)
Balance at end of year	**1,304**	1,425	**1,304**	1,425
Collective provision:				
Balance at beginning of year	**2,756**	2,712	**2,756**	2,712
Increase in provision	**439**	44	**439**	44
Balance at end of year	**3,195**	2,756	**3,195**	2,756
Total provision for impairment	**4,499**	4,181	**4,499**	4,181
Charge to profit or loss comprises:				
Provision for loan impairment	**318**	(146)	**318**	(146)
Loans written off during the year as uncollectible	**4,570**	4,576	**4,570**	4,476
Total charge to profit or loss	**4,888**	4,430	**4,888**	4,330
Impaired Loans				
Gross impaired loans	**2,578**	2,407	**2,578**	2,407
Specific provision for impairment	**(1,304)**	(1,425)	**(1,304)**	(1,425)
Total impaired loans net of specific provisions	**1,274**	982	**1,274**	982
Restructured loans	**11,228**	6,174	**11,228**	6,174
Assets acquired through the enforcement of security	**1,045**	3,260	**1,045**	3,260

Notes to the Financial Statements

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
10. INVESTMENTS				
a) Available for sale investment securities				
Interest-bearing deposits	**61,548**	7,388	**59,318**	18
Negotiable certificates of deposit	**390,822**	449,723	**390,822**	449,723
Floating rate notes	**269,314**	286,747	**269,314**	286,747
Shares in unlisted entities	**32,047**	32,047	**32,047**	32,047
Total available for sale investment securities	**753,731**	775,905	**751,501**	768,535
b) Other investments				
Capital notes	**-**	-	**783,161**	751,704
Other investments	**15,738**	13,882	**2,108**	1,958
Shares in controlled entities	**-**	-	**4,988**	4,988
Total other investments	**15,738**	13,882	**790,257**	758,650
Total Investments	**769,469**	789,787	**1,541,758**	1,527,185

c) Shares in controlled entities			% held by Holding Entity	
	2017	2016	**2017**	2016
	$	$	**%**	%
Australian Central Credit Union Ltd (trading as People's Choice Credit Union)				
Controlled entities				
Australian Central Services Pty Ltd	**-**	-	**100**	100
Financial Solutions Australasia Pty Ltd	**4,987,973**	4,987,973	**100**	100
People's Choice Community Foundation Limited	**-**	-	**100**	100
	4,987,973	4,987,973		

Special purpose entities

Light Trust No. 1 [1]
Light Trust No. 2
Light Trust No. 3
Light Trust No. 4
Light Trust No. 5R
Light Trust No. 6
Light Trust Warehouse No. 1
Light Trust Warehouse No. 2
Light Trust 2016-2 [2]
Light Trust 2017-1 [3]

[1] Ceased trading on 20 December 2016
[2] Registered on 29 July 2016
[3] Registered on 24 March 2017

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Furniture and Equipment $'000	Leasehold Improvements $'000	Technology $'000	Capital Works in Progress (WIP) $'000	Total $'000
At 1 July 2016, net of accumulated depreciation	**3,463**	**22,455**	**12,638**	**1,595**	**40,151**
Additions	**578**	**1,546**	**2,141**	**-**	**4,265**
Disposals	**(26)**	**(93)**	**(15)**	**-**	**(134)**
Net movement in WIP	**-**	**-**	**-**	**2,742**	**2,742**
Depreciation expense	**(876)**	**(3,619)**	**(4,349)**	**-**	**(8,844)**
Balance at 30 June 2017	**3,139**	**20,289**	**10,415**	**4,337**	**38,180**
At 30 June 2017					
Cost	**7,824**	**36,408**	**27,566**	**4,337**	**76,135**
Accumulated depreciation	**(4,685)**	**(16,119)**	**(17,151)**	**-**	**(37,955)**
Net carrying amount	**3,139**	**20,289**	**10,415**	**4,337**	**38,180**
At 1 July 2015, net of accumulated depreciation	2,170	8,290	10,855	12,116	33,431
Additions	2,218	17,480	6,485	-	26,183
Disposals	-	-	-	-	-
Net movement in WIP	-	-	-	(10,521)	(10,521)
Depreciation expense	(925)	(3,315)	(4,702)	-	(8,942)
Balance at 30 June 2016	3,463	22,455	12,638	1,595	40,151
At 30 June 2016					
Cost	8,366	38,254	31,756	1,595	79,971
Accumulated depreciation	(4,903)	(15,799)	(19,118)	-	(39,820)
Net carrying amount	3,463	22,455	12,638	1,595	40,151

Credit Union

Credit Union	Furniture and Equipment $'000	Leasehold Improvements $'000	Technology $'000	Capital Works in Progress (WIP) $'000	Total $'000
At 1 July 2016, net of accumulated depreciation	**3,463**	**22,455**	**12,638**	**1,595**	**40,151**
Additions	**578**	**1,546**	**2,141**	**-**	**4,265**
Disposals	**(26)**	**(93)**	**(15)**	**-**	**(134)**
Net movement in WIP	**-**	**-**	**-**	**2,742**	**2,742**
Depreciation expense	**(876)**	**(3,619)**	**(4,349)**	**-**	**(8,844)**
Balance at 30 June 2017	**3,139**	**20,289**	**10,415**	**4,337**	**38,180**
At 30 June 2017					
Cost	**7,150**	**36,408**	**27,566**	**4,337**	**75,461**
Accumulated depreciation	**(4,011)**	**(16,119)**	**(17,151)**	**-**	**(37,281)**
Net carrying amount	**3,139**	**20,289**	**10,415**	**4,337**	**38,180**
At 1 July 2015, net of accumulated depreciation	2,170	8,290	10,855	12,116	33,431
Additions	2,218	17,480	6,485	-	26,183
Disposals	-	-	-	-	-
Net movement in WIP	-	-	-	(10,521)	(10,521)
Depreciation expense	(925)	(3,315)	(4,702)	-	(8,942)
Balance at 30 June 2016	3,463	22,455	12,638	1,595	40,151
At 30 June 2016					
Cost	7,663	38,248	31,516	1,595	79,022
Accumulated depreciation	(4,200)	(15,793)	(18,878)	-	(38,871)
Net carrying amount	3,463	22,455	12,638	1,595	40,151

12. INTANGIBLE ASSETS

Consolidated	Goodwill $'000	Computer Software $'000	Core Deposit Intangible $'000	Acquired Contractual Rights $'000	Total $'000
At 1 July 2016, net of accumulated amortisation	**8,477**	**1,970**	**-**	**354**	**10,801**
Additions	**-**	**1,975**	**-**	**-**	**1,975**
Amortisation	**-**	**(1,529)**	**-**	**(354)**	**(1,883)**
Balance at 30 June 2017	**8,477**	**2,416**	**-**	**-**	**10,893**
At 30 June 2017					
Cost	**9,174**	**17,009**	**-**	**-**	**26,183**
Accumulated amortisation	**(697)**	**(14,593)**	**-**	**-**	**(15,290)**
Net carrying amount	**8,477**	**2,416**	**-**	**-**	**10,893**
At 1 July 2015, net of accumulated amortisation	8,477	3,064	179	738	12,458
Additions	-	1,103	-	-	1,103
Amortisation	-	(2,197)	(179)	(384)	(2,760)
Balance at 30 June 2016	8,477	1,970	-	354	10,801
At 30 June 2016					
Cost	9,174	15,163	6,884	2,161	33,382
Accumulated amortisation	(697)	(13,193)	(6,884)	(1,807)	(22,581)
Net carrying amount	8,477	1,970	-	354	10,801

Credit Union	Goodwill $'000	Computer Software $'000	Core Deposit Intangible $'000	Acquired Contractual Rights $'000	Total $'000
At 1 July 2016, net of accumulated amortisation	**142**	**1,970**	**-**	**354**	**2,466**
Additions	**-**	**1,975**	**-**	**-**	**1,975**
Amortisation	**-**	**(1,529)**	**-**	**(354)**	**(1,883)**
Balance at 30 June 2017	**142**	**2,416**	**-**	**-**	**2,558**
At 30 June 2017					
Cost	**202**	**17,009**	**-**	**-**	**17,211**
Accumulated amortisation	**(60)**	**(14,593)**	**-**	**-**	**(14,653)**
Net carrying amount	**142**	**2,416**	**-**	**-**	**2,558**
At 1 July 2015, net of accumulated amortisation	142	3,064	179	738	4,123
Additions	-	1,103	-	-	1,103
Amortisation	-	(2,197)	(179)	(384)	(2,760)
Balance at 30 June 2016	142	1,970	-	354	2,466
At 30 June 2016					
Cost	202	15,163	6,884	2,161	24,410
Accumulated amortisation	(60)	(13,193)	(6,884)	(1,807)	(21,944)
Net carrying amount	142	1,970	-	354	2,466

12. INTANGIBLE ASSETS (Continued)

Measurement of the recoverable amounts of cash generating units

Goodwill is allocated to the Group's Cash Generating Units ("CGUs") identified according to business segment.

A segment level summary of the goodwill allocation is:

	Consolidated	
	2017	2016
	$'000	$'000
Financial planning	**8,477**	8,477

The recoverable amount has been calculated in accordance with Note 2.5, with no impairment having been identified.

Key assumptions used in Value in Use

The recoverable amount of a CGU is determined on either a "fair value less costs to sell" or a "value in use" methodology. The Net Present Value ("NPV") of the relevant CGU's anticipated cash flows is used as a basis for determining whether any impairment exists.

- Projected cash flows for the Financial Planning CGU have been based on the Board approved revenue growth budget for the next financial year and Long Term Financial Model for the subsequent two financial years. No further growth assumptions have been applied to the terminal value.

- A pre-tax discount rate of 13.288% was applied in determining the recoverable amounts for the CGUs. The discount rate was estimated based on the weighted average cost of debt and capital allocated by the Group to this CGU, reflecting the market assessment of any risks specific to a financial planning business.

- Management has undertaken sensitivity analysis and believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGUs to exceed their recoverable amount.

Notes to the Financial Statements

13. EQUITY ACCOUNTED INVESTEES

	Consolidated		Credit Union	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Interest in joint venture	**1,333**	-	**1,500**	-
Interest in associate	**7,477**	6,930	**2,740**	2,740
	8,810	6,930	**4,240**	2,740

	Consolidated	
	2017 $'000	2016 $'000
Share of profit in joint venture	**(167)**	-
Share of profit in associate	**1,399**	1,676
	1,232	1,676

a) Interest in Joint Venture

Mutual Marketplace Pty Ltd ("Mutual Marketplace") is a joint venture jointly controlled by People's Choice Credit Union and Credit Union Australia Ltd with both parties having a 50% ownership interest. The company began operation in April 2017 and provides professional procure-to-pay services to the mutual sector with its principal place of business in both Adelaide and Brisbane. The Group has a residual interest in the net assets of Mutual Marketplace and accordingly, the investment is classified as a joint venture and accounted for under the equity method.

The following table summarises the financial information of Mutual Marketplace and reconciles the financial information to the carrying amount of the Group's interest in the joint venture.

	Consolidated		Credit Union	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Carrying amount of investment in joint venture	**1,333**	-	**1,500**	-

	Consolidated	
	2017 $'000	2016 $'000
Share of joint venture's equity		
Paid up share capital	**1,500**	-
Retained earnings	**(167)**	-
	1,333	-
Share of joint venture's balance sheet		
Cash	**1,144**	-
Other current assets	**1,865**	-
Non-current assets	**318**	-
Current liabilities	**1,980**	-
Non-current liabilities	**14**	-
Share of net assets	**1,333**	-
Share of joint venture's profit or loss		
Revenue	**11,570**	-
Interest income	**7**	-
Depreciation and amortisation	**(20)**	-
Other expenses	**(11,795)**	-
Profit/(loss) before income tax	**(238)**	-
Income tax benefit	**71**	-
Profit/(loss) after income tax	**(167)**	-

As at 30 June 2017, Mutual Marketplace has non-cancellable commitments of $0.859 million to be settled over the next four years.

Notes to the Financial Statements

13. EQUITY ACCOUNTED INVESTEES (Continued)

b) Interest in Associate

The Group has an interest in Data Action Pty Ltd ("Data Action") and owns 27.5% (2016: 27.5%) of the equity interests and holds 27.5% of the voting rights. The Group has determined that it exercises significant influence over Data Action and accordingly, the investment is classified as an associate and accounted for under the equity method.

The following table summarises the financial information of Data Action and reconciles the financial information to the carrying amount of the Group's interest in the associate.

	Consolidated		Credit Union	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Carrying amount of investment in associates	7,477	6,930	2,740	2,740
Share of associate's equity				
Paid up share capital	3,809	3,809		
Retained earnings	3,668	3,121		
	7,477	6,930		
Share of associate's opening balance sheet				
Current assets	4,874	4,743		
Non-current assets	3,477	1,640		
Current liabilities	1,984	1,065		
Non-current liabilities	557	109		
Share of net assets	5,810	5,209		
Share of associate's profit or loss				
Revenue	12,485	11,511		
Expenses	(10,612)	(9,300)		
Profit/(loss) before income tax	1,873	2,211		
Income tax expense	(474)	(535)		
Profit/(loss) after income tax	1,399	1,676		
Dividend received	853	1,375		

Notes to the Financial Statements

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
14. OTHER ASSETS				
Accrued interest receivable	**1,581**	1,476	**1,580**	1,471
Deferred borrowing costs	**3,859**	2,151	**3,859**	2,152
Prepayments	**3,240**	3,901	**3,240**	3,897
Other receivables	**15,142**	17,183	**21,641**	17,264
	23,822	24,711	**30,320**	24,784
15. DEPOSITS				
Retail deposits	**5,407,137**	4,935,666	**5,407,358**	4,935,847
Non-retail deposits	**394,183**	564,697	**394,183**	564,697
Withdrawable shares (issued and paid up at $2.00 per share)	**693**	674	**693**	674
	5,802,013	5,501,037	**5,802,234**	5,501,218

The deposit portfolio of the Group does not include any deposits or groups of related deposits which represent 10% or more of liabilities (2016: $Nil).

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
16. OTHER PAYABLES				
Accounts payable and other payables	**40,173**	47,914	**43,909**	49,410
Accrued interest payable	**21,739**	16,787	**25,095**	19,756
	61,912	64,701	**69,004**	69,166
17. BORROWINGS				
Wholesale funding facilities	**10,982**	14,868	**10,982**	14,868
Loans payable to securitisation trusts	**-**	-	**2,145,071**	2,058,782
Notes payable	**1,420,466**	1,368,481	**-**	-
	1,431,448	1,383,349	**2,156,053**	2,073,650
Wholesale funding facility utilisation				
Wholesale funding facilities - utilised	**10,982**	14,868	**10,982**	14,868
Wholesale funding facilities - unutilised	**-**	-	**-**	-
Wholesale funding approved limits	**10,982**	14,868	**10,982**	14,868
Securitisation warehouse funding facility utilisation				
Securitisation warehouse funding facilities - utilised	**413,600**	647,385	**413,600**	647,385
Securitisation warehouse funding facilities - unutilised	**436,400**	202,615	**436,400**	202,615
Securitisation warehouse funding approved limits	**850,000**	850,000	**850,000**	850,000
18. PROVISIONS				
Provision for make good	**208**	340	**208**	340
Provision for annual leave	**5,634**	5,699	**5,565**	5,637
Provision for long service leave	**11,977**	11,390	**11,898**	11,309
Provision for rostered days off	**163**	161	**161**	161
Provision for onerous contracts	**86**	246	**86**	246
	18,068	17,836	**17,918**	17,693

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
19. RESERVES				
Redeemed member shares	**738**	715	**738**	715
Fair value reserve - available for sale financial assets	**8,362**	7,009	**8,362**	7,009
General reserve for credit losses	**12,253**	12,373	**12,253**	12,373
Hedging reserve - cash flow hedges	**(736)**	(3,766)	**(736)**	(3,766)
Asset revaluation reserve	**6**	6	**-**	-
Other equity reserves	**171,745**	171,745	**171,745**	171,745
	192,368	188,082	**192,362**	188,076

Redeemed member shares

Nature and purpose:
Under the Corporations Act 2001 (s254K), redeemable preference shares (Members $2 Shares) may only be redeemed out of the Credit Union's profit or through a new issue of shares for the purpose of the redemption. The Credit Union therefore has transferred the value of member shares redeemed since 1 July 1999 (the date that the Corporations Act 2001 applied to the Credit Union), from retained earnings to the redeemed preference share capital account. The value of members' shares for existing members is disclosed in Note 15.

Opening balance 1 July	**715**	678	**715**	678
Transfers from retained earnings	**23**	37	**23**	37
Balance	**738**	715	**738**	715

Fair value reserve - available for sale financial assets

Nature and purpose:
The fair value reserve is the difference in the carrying amount and the fair value of the available for sale financial assets held by the Group.

Opening balance 1 July	**7,009**	7449	**7,009**	7449
Net unrealised gains/(losses)	**1,353**	(440)	**1,353**	(440)
Balance	**8,362**	7,009	**8,362**	7,009

General reserve for credit losses

Nature and purpose:
APRA requires ADI's to maintain a prescribed level of provision for regulatory purposes. The difference between the impairment provisions calculated under IFRS and those required by APRA is represented by the general reserve for credit losses. The reserve has been appropriated from retained earnings.

Opening balance 1 July	**12,373**	8,821	**12,373**	8,821
Increase/(decrease) in general reserve for credit losses	**(120)**	3,552	**(120)**	3,552
Balance	**12,253**	12,373	**12,253**	12,373

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
19. RESERVES (Continued)				
Hedging reserve - cash flow hedges				
Nature and purpose: The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.				
Opening balance 1 July	**(3,766)**	(3,763)	**(3,766)**	(3,763)
Effective portion of changes in fair values	**2,102**	(819)	**2,102**	(819)
Net change in fair value taken to profit or loss	**928**	816	**928**	816
Balance	**(736)**	(3,766)	**(736)**	(3,766)
Asset revaluation reserve				
Nature and purpose: The asset revaluation reserve relates to assets measured at fair value in accordance with applicable AASB's.				
Balance	**6**	6	**-**	-
Other equity reserves				
Nature and purpose: The other equity reserves represents the retained earnings of Savings & Loans Credit Union (S.A.) Limited recognised upon the merger with the Credit Union.				
Balance	**171,745**	171,745	**171,745**	171,745

Notes to the Financial Statements

	Consolidated		Credit Union	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
20. NOTES TO THE STATEMENTS OF CASH FLOW				
Reconciliation of profit after income tax to net cash from operating activities				
Profit for the period	**33,080**	35,948	**32,018**	34,436
Adjustments for:				
Depreciation and amortisation	**10,727**	11,702	**10,727**	11,702
Increase in provision for impairment	**318**	(146)	**318**	(146)
Net change in fair value of financial assets/liabilities at fair value through profit or loss	**(28)**	(79)	**(28)**	(79)
Bad debts written off	**4,570**	4,576	**4,570**	4,330
Dividend income classified as investing cash flow	**(2,119)**	(1,949)	**(2,972)**	(3,324)
Net (profit)/loss on sale of property, plant & equipment	**(5)**	(34)	**(5)**	(34)
Share of profit of equity accounted investees	**(1,232)**	(1,676)	**-**	-
Change in assets and liabilities:				
Increase/(decrease) in provisions	**230**	(4,334)	**226**	(4,345)
Increase/(decrease) in provision for income tax	**7,305**	(6,116)	**7,305**	(5,305)
Increase/(decrease) in deferred tax assets and liabilities	**1,205**	1,212	**1,093**	1,126
Increase/(decrease) in interest payable	**4,952**	676	**5,339**	2,150
Increase/(decrease) in other payables	**(7,741)**	(3,313)	**(5,502)**	(3,427)
Increase in gross loans and advances	**(420,845)**	(516,361)	**(420,845)**	(516,259)
Increase in deposits and withdrawable share capital	**300,976**	515,513	**301,016**	515,590
(Increase)/decrease in interest receivable	**(106)**	(190)	**(109)**	(190)
Increase/(decrease) in derivative assets/liabilities	**(1,270)**	280	**3,526**	(274)
(Increase)/decrease in other assets	**991**	5,888	**(5,427)**	5,724
Net cash from operating activities	**(68,992)**	41,597	**(68,750)**	41,675

21. COMMITMENTS

Capital expenditure commitments

Lease expenditure commitments	Consolidated 2017 $'000	2016 $'000
Non-cancellable operating leases:		
Not later than 1 year	**18,387**	15,306
Later than 1 and not later than 2 years	**13,731**	17,441
Later than 2 and not later than 5 years	**41,704**	42,555
Later than 5 years	**40,528**	53,275
Aggregate lease expenditure contracted for at 30 June	**114,350**	128,577

The Group leases motor vehicles, office and branch premises under non-cancellable operating leases expiring within one to 13 years. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

Credit commitments

The Group has the following credit commitments:

	Consolidated 2017 $'000	2016 $'000
Loans approved not settled	**75,625**	57,079
Members unconditionally cancellable unused credit facilities	**452,751**	451,373
Member funds available for redraw	**454,352**	480,447
	982,728	988,899

22. CONTINGENT ASSETS AND LIABILITIES

Guarantees

The Group has issued guarantees as follows:

	Consolidated 2017 $'000	2016 $'000
Guarantees issued for members	**1,605**	1,623

As the probability and value of guarantees being called upon is unpredictable, it is not practical to state the timing of any payment.

CUFSS Limited

With effect from 1 July 1999, the Credit Union is a party to an Industry Support Contract (“ISC”) administered by CUFSS Limited (“CUFSS”). The ISC is certified by APRA under Section 11CB of the Banking Act 1959 (Cth) and is a voluntary financial support scheme whose members are Credit Unions, Mutual Banks and Cuscal Limited. CUFSS is a company limited by guarantee, each member’s guarantee being $100. As a member of CUFSS, the Credit Union:

- May be required to advance funds (excluding permanent loans) of up to 3% of total assets, capped at $100m, to another CUFSS member requiring financial support;
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

Notes to the Financial Statements

23. SECURITISATION

In the ordinary course of business, the Group enters into transactions that result in the transfer of financial assets to third parties or special purpose entities (SPE's) on an arm's length basis.

The Credit Union transferred loans totalling $941.243 million (2016: $698.350 million) during the financial year as part of its ongoing securitisation program. The loan transfers made to SPE's comprise of either warehouse funding facilities $233.235 million (2016: $364.231 million), term securitisation issues $487.196 million (2016: $64.352 million) and the internal securitisation issue $220.812 million (2016: $269.767 million). The total value of transferred loans as at 30 June 2017 was $2,145.071 million (2016: $2,073.650 million). The Group has not transferred substantially all of the risks and rewards associated with these loans and accordingly these loans are carried on the Group's balance sheet.

Refer to Note 28. Related Parties for more information on loan balances and net distributions to unitholders.

24. STANDBY BORROWING FACILITIES

	Credit Union	
	2017	2016
	$'000	$'000
The Credit Union has the following borrowing facilities:		
Overdraft facility		
Gross facility amount	**5,000**	5,000
Less: current borrowing	**-**	-
Net available	**5,000**	5,000

25. SIGNIFICANT ALLIANCES

The Credit Union has a significant alliance with the following suppliers of services:

Cuscal Limited

This company provides the Credit Union with the rights to, and the production of member's cheques, ATM management services, Redicards and Visa cards, provides finance facilities, settlement with bankers, electronic funds deposit and central banking. In addition, this company operates the switching system that links rediATM's, other approved EFT suppliers, Visa acquirers and merchants to the Credit Union's computer systems.

Fiserv (aspac) Pte. Ltd

This company is a member of an international group which owns the core banking system software which the Credit Union operates.

Data Action Pty Ltd

This company operates a computer bureau which provides the Credit Union with a range of computing services (refer to Note 13).

Mutual Marketplace Pty Ltd

This company is a joint venture between People's Choice Credit Union and Credit Union Australia Ltd and provides professional procure-to-pay services to the mutual sector (refer to Note 13).

26. AUDITOR'S REMUNERATION	Consolidated 2017 $'000	Consolidated 2016 $'000	Credit Union 2017 $'000	Credit Union 2016 $'000
Amounts paid or payable to the external auditors - KPMG				
Auditing the financial report	**281**	260	**226**	216
Other regulatory activities and assurance services	**159**	183	**159**	183
Taxation services	**151**	213	**116**	148
Other services	**33**	41	**33**	41
	624	697	**534**	588

27. KEY MANAGEMENT PERSONNEL

a) Directors

The following were Directors of the Group from the beginning of the financial year to the date of this report.

J. L. Cossons (Chair)
S. P. W. Laidlaw (Managing Director) (Appointed as Managing Director effective 1 September 2017)
Dr. R. H. S. Brooks
S. M. Day (Retired 27 October 2016)
E. T. McGuirk
J. McMahon
K. A. Skipper AM
V. S. Hickey
J. P. Patton (Appointed 27 October 2016)

b) Other key management personnel

The following persons, employed by the Credit Union, also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

D. Lewis	Chief Sales Officer
V. Pace	Chief Financial Officer (Appointed 6 February 2017)
H. Gale	Acting Chief Financial Officer (Ceased 5 February 2017)
D. Mattiske-Wood	Deputy CEO, Chief Strategy, Members & People Officer
R. Ward	Acting Chief Marketing Officer
P. Corolis	Chief Risk Officer

Notes to the Financial Statements

27. KEY MANAGEMENT PERSONNEL (Continued)

c) Key management personnel compensation

Directors and other key management personnel compensation for the Group comprised:

	Short-term Employee Benefits $'000	Post-employment Benefits - Superannuation $'000	Long Term-Other Benefits $'000	Termination Benefits $'000	Total $'000
2017	**3,632**	**249**	**34**	**-**	**3,915**
2016	3,883	265	747	276	5,171

d) Loans

Loans to Directors and other key management personnel are either unsecured or secured by registered mortgage over eligible security in accordance with standard lending policies.

	2017 $'000	2016 $'000
Total aggregate loans as at the reporting date (30 June)	**2,329**	3,274
Total aggregate interest charged during the reporting period	**116**	116

All loans to Directors and other key management personnel are made on normal staff terms and conditions that are applicable to normal staff benefit packages.

The Directors and key management personnel who held loan accounts with the Credit Union during the year were J.L. Cossons, S.M. Day, K.A. Skipper AM, V.S. Hickey, E.T. McGuirk, H. Gale, R. Ward and D. Lewis.

Other transactions with key management personnel

Other transactions with key management personnel generally relate to deposits and financial planning advice. Financial transactions (including loans disclosed within this report) with Directors occur in the ordinary course of business on an arms length basis. For other key management personnel, financial transactions are made on normal staff terms and conditions that are applicable to normal staff benefit packages. Disclosure of financial transactions regularly made as part of normal banking operations is limited to disclosure of such transactions with key management personnel and entities controlled or significantly influenced by them. All such financial transactions that have occurred between entities within the Group and their key management personnel were in the nature of normal personal banking.

As they are required to be a member of the Credit Union, each Director and all key management personnel hold one $2 share.

28. RELATED PARTIES

Controlled entities

The Credit Union entered into transactions with its Controlled Entities. These transactions were all carried out under normal commercial terms and are eliminated on consolidation in the financial reports. The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Aggregate amounts included in the accounts of the Credit Union Income/(expense)		Amounts included in the accounts of the Credit Union Payable/(receivable)		Deposits with the Credit Union	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Financial Solutions Australasia Pty Ltd	**367**	358	**5,272**	4,494	**-**	-
Australian Central Services Pty Ltd	**42**	59	**306**	232	**-**	-
People's Choice Community Foundation Limited	**(394)**	(408)	**(157)**	(120)	**221**	181

	Residual Unitholder Net Distribution		Net Interest Rate Swap Expense	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Light Trust No. 1 [1]	**133**	316	**271**	881
Light Trust No. 2	**75**	135	**377**	451
Light Trust No. 3	**486**	595	**1,182**	1,318
Light Trust No. 4	**766**	850	**839**	954
Light Trust No. 5R	**4,022**	1,478	**5,700**	4,313
Light Trust No. 6	**3,747**	1,467	**2,397**	1,896
Light Trust Warehouse No. 1	**1,050**	1,522	**1,164**	1,380
Light Trust Warehouse No. 2	**2,858**	1,326	**2,325**	3,258
Light Trust 2016-2 [2]	**599**	-	**(28)**	-
Light Trust 2017-1 [3]	**446**	-	**440**	-

	Capital Notes held by the Credit Union		Outstanding balance of Loans sold to Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Light Trust No. 1 [1]	**-**	-	**-**	37,803
Light Trust No. 2	**5,352**	6,853	**26,956**	34,354
Light Trust No. 3	**4,116**	5,084	**91,485**	111,553
Light Trust No. 4	**7,567**	9,718	**115,368**	148,552
Light Trust No. 5R	**735,475**	684,101	**710,556**	656,664
Light Trust No. 6	**-**	-	**302,940**	391,160
Light Trust Warehouse No. 1	**12,446**	23,536	**161,581**	308,285
Light Trust Warehouse No. 2	**11,236**	22,412	**188,489**	370,412
Light Trust 2016-2 [2]	**6,969**	-	**84,074**	-
Light Trust 2017-1 [3]	**-**	-	**463,623**	-

[1] Ceased trading on 20 December 2016

[2] Registered on 29 July 2016

[3] Registered on 24 March 2017

28. RELATED PARTIES (Continued)

Equity accounted investees

Note 13 provides information regarding the nature of the Group's relationship with its equity accounted investees. Some of the services provided may be discounted for shareholder customers. The following tables provide the total amount of transactions that were entered into during the relevant financial year.

	Purchases from related parties		Amounts owed to related parties	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Joint venture: Mutual Marketplace Pty Ltd	**5,173**	-	**1,143**	-
Associate: Data Action Pty Ltd	**10,615**	9,158	**299**	91
	15,788	9,158	**1,442**	91

Notes to the Financial Statements

29. RISK MANAGEMENT

a) Financial risk management objectives

The Group is exposed to a range of risks as part of its daily operations. These risks are managed using an enterprise wide approach in line with sound business practice, Australian risk management standards, prudential requirements and the Board's approved risk appetite, providing the Board with a comprehensive view of its risk profile.

As part of the risk management framework, a risk management strategy is maintained which includes policies and plans which detail the Group's approach to the management of risk exposures. The risk management strategy includes systems for the identification, analysis, evaluation, treatment, monitoring and reporting of risk, is subject to regular review and is responsive to the changing regulatory and operating environments.

The Board ensures a sound risk management culture is maintained and embedded in the Group's values and behaviours and the conduct of business. The material financial risks faced by the Group include liquidity risk, credit risk and market risk (incorporating interest rate risk).

b) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group has in place information systems and a structured process to monitor and manage liquidity risk. The management process incorporates specific liquidity management strategies and liquidity contingency plans that manage liquidity on a daily basis under normal situations and assumed adverse scenarios. The liquidity strategy requires the holding of surplus funds in liquid assets which meet APRA's criteria for classification as eligible Minimum Liquidity Holdings ("MLH"), the availability of appropriate standby lines of funding, maintenance of reliable sources of funding (retail and wholesale) and daily liquidity projections.

APRA Prudential Standards place specific management and reporting requirements on ADIs in relation to liquidity risk. The Prudential Standards provide that liquidity strategies and liquidity holdings can be based on either a scenario analysis or on an MLH basis. APRA has approved the Credit Union to adopt an MLH approach, whereby the Credit Union is required to maintain a minimum holding in specified eligible assets at all times.

The Credit Union's liquidity ratio as at the reporting date (30 June) is provided below:

	Credit Union	
	2017	2016
	%	%
Liquidity ratio	**12.50**	13.08

Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Group's and the Credit Union's financial liabilities as at 30 June 2017 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice is given immediately. However, the Group and the Credit Union expect that many members will not request repayment on the earliest date the Group or the Credit Union could be required to pay and the tables do not reflect the cash flows indicated by the Group's or the Credit Union's deposit retention history. Derivatives designated are based on their contractual maturity. The amounts represent principal and interest cash flows and may differ when compared to the carrying amounts reported on the Statements of Financial Position.

Notes to the Financial Statements

29. RISK MANAGEMENT (Continued)

b) Liquidity risk management (continued)

Consolidated Entity	At call	3 Months or less	3 to 12 months	1 to 5 years	Greater than 5 years	Total	Carrying amount
	Contractual cash flows						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Financial Liabilities							
Deposits	**3,363,274**	**1,171,735**	**1,087,835**	**212,538**	**-**	**5,835,382**	**5,802,013**
Other payables	**-**	**61,912**	**-**	**-**	**-**	**61,912**	**61,912**
Borrowings	**-**	**25,199**	**75,448**	**398,635**	**1,831,798**	**2,331,080**	**1,431,448**
Derivative Financial Instruments							
Interest rate swaps (assets)/liabilities	**-**	**707**	**924**	**(506)**	**-**	**1,125**	**1,360**
Total cash flows	**3,363,274**	**1,259,553**	**1,164,207**	**610,667**	**1,831,798**	**8,229,499**	**7,296,733**
2016							
Financial Liabilities							
Deposits	3,278,507	981,610	1,133,036	139,638	7	5,532,798	5,501,037
Other payables	-	64,701	-	-	-	64,701	64,701
Borrowings	-	25,893	90,517	396,326	1,863,386	2,376,122	1,383,349
Derivative Financial Instruments							
Interest rate swaps (assets)/liabilities	-	1,054	2,668	1,888	-	5,610	5,689
Total cash flows	3,278,507	1,073,258	1,226,221	537,852	1,863,393	7,979,231	6,954,776

Credit Union	At call	3 Months or less	3 to 12 months	1 to 5 years	Greater than 5 years	Total	Carrying amount
2017							
Financial Liabilities							
Deposits	**3,363,495**	**1,171,735**	**1,087,835**	**212,538**	**-**	**5,835,603**	**5,802,234**
Other payables	**-**	**69,004**	**-**	**-**	**-**	**69,004**	**69,004**
Borrowings	**-**	**37,461**	**112,231**	**594,514**	**2,794,628**	**3,538,834**	**2,156,053**
Derivative Financial Instruments							
Interest rate swaps (assets)/liabilities	**-**	**(171)**	**(968)**	**(1,011)**	**-**	**(2,150)**	**(810)**
Total cash flows	**3,363,495**	**1,278,029**	**1,199,098**	**806,041**	**2,794,628**	**9,441,291**	**8,026,481**
2016							
Financial Liabilities							
Deposits	3,278,507	981,791	1,133,036	139,638	7	5,532,979	5,501,218
Other payables	-	69,166	-	-	-	69,166	69,166
Borrowings	-	37,120	124,198	575,613	2,770,690	3,507,621	2,073,650
Derivative Financial Instruments							
Interest rate swaps (assets)/liabilities	-	317	(469)	(2,483)	-	(2,635)	(1,277)
Total cash flows	3,278,507	1,088,394	1,256,765	712,768	2,770,697	9,107,131	7,642,757

29. RISK MANAGEMENT (Continued)

c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statements of Financial Position. The maximum credit exposure does not take into account the value of any collateral or other security held in the event other entities/parties fail to perform their obligations under the financial instruments in question. The value of collateral held against individual exposures is generally only assessed at the time of borrowing or when a specific review of that exposure is undertaken in accordance with policy.

The Group holds collateral against loans and advances to members in the form of mortgage interests over real property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

The maximum exposure to credit risk at the reporting date (30 June) was:

	Consolidated		**Credit Union**	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deposits at call	**148,063**	153,074	**98,575**	103,936
Other assets	**23,822**	24,711	**30,320**	24,784
Available for sale investment securities	**721,685**	743,858	**719,455**	736,488
Derivative assets	**1,822**	3,770	**2,403**	6,685
Financial assets other than loans and advances	**895,392**	925,413	**850,753**	871,893
Loans and advances	**6,865,623**	6,450,820	**6,865,623**	6,450,820
Total Financial assets	**7,761,015**	7,376,233	**7,716,376**	7,322,713
Credit commitments	**982,728**	988,899	**982,728**	988,899
Total potential exposure to credit risk	**8,743,743**	8,365,132	**8,699,104**	8,311,612

Distribution of financial assets				
Neither past due nor impaired				
Financial assets other than loans and advances	**895,392**	925,413	**850,753**	871,893
Loans and advances	**6,688,348**	6,259,378	**6,688,348**	6,259,378
Past due but not impaired				
Loans and advances	**174,697**	189,035	**174,697**	189,035
Impaired				
Loans and advances	**2,578**	2,407	**2,578**	2,407
	7,761,015	7,376,233	**7,716,376**	7,322,713

Gross loans and advances which are past due but not impaired				
1 - 30 days	**113,881**	140,513	**113,881**	140,513
31 - 60 days	**24,720**	20,995	**24,720**	20,995
61 - 90 days	**7,255**	9,676	**7,255**	9,676
> 90 days	**28,841**	17,851	**28,841**	17,851
Total	**174,697**	189,035	**174,697**	189,035

29. RISK MANAGEMENT (Continued)

c) Credit risk management (continued)

	Consolidated		Credit Union	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Geographic concentration of credit risk for gross loans and advances				
South Australia	**4,376,178**	4,192,250	**4,376,178**	4,192,250
Northern Territory	**1,458,127**	1,347,298	**1,458,127**	1,347,298
Victoria	**624,339**	518,063	**624,339**	518,063
New South Wales	**147,572**	139,388	**147,572**	139,388
Western Australia	**87,949**	99,945	**87,949**	99,945
Queensland	**115,969**	109,023	**115,969**	109,023
Australian Capital Territory	**45,386**	34,049	**45,386**	34,049
Tasmania	**10,103**	10,804	**10,103**	10,804
	6,865,623	6,450,820	**6,865,623**	6,450,820

d) Capital adequacy

The management of the capital of a financial institution is a fundamental part of its risk management process as an essential element of capital is its availability to absorb future, unexpected and unidentified losses.

APRA Prudential Standards require ADI's to maintain at all times a minimum ratio of capital to risk weighted assets. As part of its risk management process, the Credit Union has developed a methodology with financial modelling to assist in determining the optimum level of capital that is consistent with assessed risk exposure and business activity. The optimum capital is managed within a range well above the minimum required by APRA and incorporates an assessment of the combined risk exposure for operations, market, credit and strategic risk.

The Credit Union's capital management plan ensures capital holdings are maintained in proportion to its risk exposure from its activities. The Credit Union and the Group have complied with all the APRA capital adequacy requirements throughout the year.

The Group's capital adequacy ratio as at the end of the reporting date (30 June) and the comparative are as follows:

	Consolidated	
	2017 $'000	2016 $'000
Capital Adequacy Ratio	**14.89%**	14.22%
Qualifying capital		
Tier 1	**496,683**	464,463
Tier 2	**12,253**	12,373
Total qualifying capital	**508,936**	476,836
Risk Weighted Assets	**3,416,825**	3,352,570

For further detail on the Group's capital adequacy please refer to our public disclosures under *APS 330 Public Disclosure*, which is located on the Credit Union's website under Regulatory Disclosures.

29. RISK MANAGEMENT (Continued)

e) Market risk management

Market risk is the risk of exposure to changes to financial prices affecting the value of positions held by the Group as part of its normal trading activities. As the Group does not deal in foreign exchange contracts or commodities, market risk for the Group consists solely of interest rate risk.

f) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate risk volatility of net interest income and market value of equity exposures. Positions are monitored regularly and approved hedging strategies are executed to ensure sensitivities and exposures are maintained within the established limits.

The sensitivity in the Statements of Profit or Loss and Other Comprehensive Income is the effect of assumed changes in interest rates on the net interest for one year, based on the floating rate financial assets and financial liabilities held at 30 June 2017, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate of loans and advances, available for sale financial assets (including the effect of any associated hedges), and interest rate swaps designated as cash flow hedges, at 30 June 2017 for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by maturity of the asset or interest rate swap, with sensitivity based on the assumption that there are parallel shifts in the yield curve.

Monitoring of adherence to policies, limits and procedures is controlled through the Management Asset and Liability Committee ("MALCO") and the Board Risk Committee.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, on the Group’s income statement and in equity with all other variables held constant.

	Equity Sensitivity		**Net Revenue Sensitivity**	
	2017	2016	**2017**	2016
Consolidated	**%**	%	**$'000**	$'000
25 bp rise	**(0.42)**	(0.32)	**754**	1,151
25 bp fall	**0.42**	0.32	**(849)**	(1,229)
50 bp rise	**(0.85)**	(0.64)	**1,501**	2,299
50 bp fall	**0.85**	0.64	**(1,721)**	(2,486)

29. RISK MANAGEMENT (Continued)

f) Interest rate risk (continued)

The Group's exposure to interest rate risk at balance date is shown in the following table and does not differ materially from that of the Credit Union.

Consolidated		**Fixed interest rate maturing:**				
	Floating interest rate	**<1 yrs**	**1-5 yrs**	**> 5 yrs**	**Non-interest bearing**	**Total**
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets						
Cash and cash equivalents	**148,063**	**-**	**-**	**-**	**19,261**	**167,324**
Loans and advances	**4,187,584**	**1,363,270**	**1,310,313**	**288**	**-**	**6,861,455**
Available for sale investment securities	**-**	**721,684**	**-**	**-**	**32,047**	**753,731**
Other investments	**15,738**	**-**	**-**	**-**	**-**	**15,738**
	4,351,385	**2,084,954**	**1,310,313**	**288**	**51,308**	**7,798,248**
Financial Liabilities						
Deposits	**3,363,432**	**2,232,067**	**205,821**	**-**	**693**	**5,802,013**
Borrowings	**-**	**1,431,448**	**-**	**-**	**-**	**1,431,448**
	3,363,432	**3,663,515**	**205,821**	**-**	**693**	**7,233,461**
Interest rate swaps - assets/(liabilities)	**835,000**	**(430,000)**	**(405,000)**	**-**	**-**	**-**
2016						
Financial Assets						
Cash and cash equivalents	153,074	-	-	-	20,839	173,913
Loans and advances	4,004,230	1,110,485	1,330,434	349	-	6,445,498
Available for sale investment securities	-	743,858	-	-	32,047	775,905
Other investments	13,882	-	-	-	-	13,882
	4,171,186	1,854,343	1,330,434	349	52,886	7,409,198
Financial Liabilities						
Deposits	3,278,874	2,088,282	133,203	7	671	5,501,037
Borrowings	-	1,383,349	-	-	-	1,383,349
	3,278,874	3,471,631	133,203	7	671	6,884,386
Interest rate swaps - assets/(liabilities)	837,000	(272,000)	(565,000)	-	-	-

29. RISK MANAGEMENT (Continued)

g) Interest rate swap contracts

The Group uses interest rate swap contracts in managing interest rate exposure. For interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates. The Group enters into interest rate swap contracts for the sole purpose of managing interest rate exposures in the Statements of Financial Position and not for speculative purposes.

	2017			2016		
	Notional Amount	**Fair Value Asset**	**Fair Value Liability**	Notional Amount	Fair Value Asset	Fair Value Liability
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Consolidated						
Derivatives at fair value through profit and loss						
Interest rate swaps	**568,407**	**1,422**	**(1,733)**	489,236	3,770	(4,079)
Derivatives held as cash flow hedges						
Interest rate swaps	**835,000**	**400**	**(1,449)**	835,000	-	(5,380)
	1,403,407	**1,822**	**(3,182)**	1,324,236	3,770	(9,459)
Credit Union						
Derivatives at fair value through profit and loss						
Interest rate swaps	**603,456**	**2,003**	**(144)**	496,853	6,685	(28)
Derivatives held as cash flow hedges						
Interest rate swaps	**835,000**	**400**	**(1,449)**	835,000	-	(5,380)
	1,438,456	**2,403**	**(1,593)**	1,331,853	6,685	(5,408)

Notes to the Financial Statements

29. RISK MANAGEMENT (Continued)

g) Interest rate swap contracts (continued)

The following table details the Group's net fair values and notional principal amounts at the remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Net Fair Value		Notional Principal Amount	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Less than 1 year	**(1,731)**	(3,772)	**626,820**	453,351
1 to 2 years	**189**	(1,672)	**493,322**	573,860
2 to 5 years	**182**	(245)	**283,265**	294,765
> 5 years	**-**	-	**-**	2,260
	(1,360)	(5,689)	**1,403,407**	1,324,236

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group does not have a legally enforceable right to set-off any interest rate swap agreements.

Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association ("ISDA") Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As neither the Group nor the Credit Union presently have a legally enforceable right of set-off, these amounts have not been offset in the Statements of Financial Position and accordingly derivative assets and derivative liabilities are shown on a gross basis in the Statements of Financial Position.

If under the ISDA Master Agreement there was a legally enforceable right of set-off, there would be a reduction in both the derivative asset and derivative liability of the Credit Union and the Group of $1.821 million as at 30 June 2017 ($3.770 million at 30 June 2016).

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value methodologies

Disclosed below is the estimated fair value of the Group's financial instruments presented in accordance with the requirements of Accounting Standard AASB 7 *Financial Instruments: Disclosures.*

A financial instrument is defined by AASB 132 *Financial Instruments: Presentation* as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial liability is a contractual obligation either to deliver cash or another financial asset to another entity, or, to exchange financial instruments with another entity under conditions that are potentially unfavourable.

The methodologies and assumptions used in measuring fair value depend on the terms and risk characteristics of the various instruments and include the following:

Cash and cash equivalents

Being cash on hand and at call deposits, the carrying amount is the fair value.

Loans and advances

The fair value of loans has been estimated using discounted cash flow analysis, based on current rates offered by the Group for loans with similar terms. The fair value of impaired loans has been estimated as their carrying amount net of the aggregate provision for impairment.

Available for sale investment securities

Estimated using discounted cash flow analysis, based on current market rates for similar arrangements, with the exception of shares held in other unlisted entities for which the fair value is their original cost because their fair value cannot be reliably measured as no active market exists for these assets.

As at 30 June 2017 Cuscal Limited shares are held at a price per share of $1.28. The price represents the best estimate of the fair value of the shares as at the reporting date determined with reference to the net assets of Cuscal Limited. There are no current intentions to dispose of these investments.

Other investments

Other investments represent both capital notes and shares in controlled entities. The fair value of capital notes is estimated using discounted cash flow analysis, based on current market rates for similar arrangements.

Derivative financial instruments

Estimated using discounted cash flow analysis, based on current market rates for similar arrangements.

Other assets

This includes items such as sundry debtors, which are short-term by nature and the carrying amount is therefore a reasonable estimate of the fair value.

Deposits

The net fair value of deposits has been estimated using discounted cash flow analysis, based on current rates offered by the Group for deposits with similar terms.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

a) Fair value methodologies (continued)

Other payables

The carrying amount approximates net fair value because of the short term of the settlement of the amounts due.

Borrowings

Estimated using discounted cash flow analysis, based on current market rates for similar arrangements.

The following table provides comparison of carrying amounts and net fair values for financial instruments:

	Carrying value		Fair value	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Consolidated				
Financial Assets				
Cash and cash equivalents	**167,324**	173,913	**167,324**	173,913
Loans and advances	**6,861,455**	6,445,498	**6,871,431**	6,467,691
Available for sale investment securities	**753,731**	775,905	**753,731**	775,905
Other investments	**15,738**	13,882	**15,738**	13,882
Derivative assets	**1,822**	3,770	**1,822**	3,770
Other assets	**23,822**	24,711	**23,822**	24,711
	7,823,892	7,437,679	**7,833,868**	7,459,872
Financial Liabilities				
Deposits	**5,802,013**	5,501,037	**5,801,300**	5,502,768
Other payables	**61,912**	64,701	**61,912**	64,701
Borrowings	**1,431,448**	1,383,349	**1,433,117**	1,385,051
Derivative liabilities	**3,182**	9,459	**3,182**	9,459
	7,298,555	6,958,546	**7,299,511**	6,961,979
Credit Union				
Financial Assets				
Cash and cash equivalents	**117,836**	124,774	**117,836**	124,774
Loans and advances	**6,861,455**	6,445,498	**6,871,431**	6,467,691
Available for sale investment securities	**751,501**	768,535	**751,501**	768,535
Other investments	**790,257**	758,650	**790,257**	758,650
Derivative assets	**2,403**	6,685	**2,403**	6,685
Other assets	**30,320**	24,784	**30,320**	24,784
	8,553,772	8,128,926	**8,563,748**	8,151,119
Financial Liabilities				
Deposits	**5,802,234**	5,501,218	**5,801,521**	5,502,949
Other payables	**69,004**	69,166	**69,004**	69,166
Borrowings	**2,156,053**	2,073,650	**2,158,557**	2,075,352
Derivative liabilities	**1,593**	5,408	**1,593**	5,408
	8,028,884	7,649,442	**8,030,675**	7,652,875

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

b) Fair value hierarchy - financial instruments measured at fair value

The following table sets out the fair value of financial instruments that are measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorised:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated Entity				
2017				
Financial Assets				
Financial assets available for sale	**-**	**753,731**	**-**	**753,731**
Derivative assets	**-**	**1,822**	**-**	**1,822**
	-	**755,553**	**-**	**755,553**
Financial Liabilities				
Derivative financial liabilities	**-**	**3,182**	**-**	**3,182**
	-	**3,182**	**-**	**3,182**
2016				
Financial Assets				
Financial assets available for sale	-	775,905	-	775,905
Derivative assets	-	3,770	-	3,770
	-	779,675	-	779,675
Financial Liabilities				
Derivative financial liabilities	-	9,459	-	9,459
	-	9,459	-	9,459
Credit Union				
2017				
Financial Assets				
Financial assets available for sale	-	**751,501**	**-**	**751,501**
Derivative assets	-	**2,403**	**-**	**2,403**
	-	**753,904**	**-**	**753,904**
Financial Liabilities				
Derivative financial liabilities	**-**	**1,593**	**-**	**1,593**
	-	**1,593**	**-**	**1,593**
2016				
Financial Assets				
Financial assets available for sale	-	768,535	-	768,535
Derivative assets	-	6,685	-	6,685
	-	775,220	-	775,220
Financial Liabilities				
Derivative financial liabilities	-	5,408	-	5,408
	-	5,408	-	5,408

Notes to the Financial Statements

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

c) Fair value hierarchy - financial instruments not measured at fair value

The following table sets out the fair value of financial instruments that are not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total Fair Values	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Consolidated Entity					
2017					
Financial Assets					
Cash and cash equivalents	**167,324**	**-**	**-**	**167,324**	**167,324**
Loans and advances	**-**	**-**	**6,871,431**	**6,871,431**	**6,861,455**
Other investments	**-**	**15,738**	**-**	**15,738**	**15,738**
Other assets	**23,822**	**-**	**-**	**23,822**	**23,822**
	191,146	**15,738**	**6,871,431**	**7,078,315**	**7,068,339**
Financial Liabilities					
Deposits	**-**	**-**	**5,801,300**	**5,801,300**	**5,802,013**
Borrowings	**-**	**-**	**1,433,117**	**1,433,117**	**1,431,448**
Other payables	**61,912**	**-**	**-**	**61,912**	**61,912**
	61,912	**-**	**7,234,417**	**7,296,329**	**7,295,373**
2016					
Financial Assets					
Cash and cash equivalents	173,913	-	-	173,913	173,913
Loans and advances	-	-	6,467,691	6,467,691	6,445,498
Other investments	-	13,882	-	13,882	13,882
Other assets	24,711	-	-	24,711	24,711
	198,624	13,882	6,467,691	6,680,197	6,658,004
Financial Liabilities					
Deposits	-	-	5,502,768	5,502,768	5,501,037
Borrowings	-	-	1,385,051	1,385,051	1,383,349
Other payables	64,701	-	-	64,701	64,701
	64,701	-	6,887,819	6,952,520	6,949,087

Fair value hierarchy levels have not been disclosed for some financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

c) Fair value hierarchy - financial instruments not measured at fair value (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Values $'000	Carrying Amount $'000
Credit Union					
2017					
Financial Assets					
Cash and cash equivalents	**117,836**	**-**	**-**	**117,836**	**117,836**
Loans and advances	**-**	**-**	**6,871,431**	**6,871,431**	**6,861,455**
Other investments	**-**	**790,257**	**-**	**790,257**	**790,257**
Other assets	**30,320**	**-**	**-**	**30,320**	**30,320**
	148,156	**790,257**	**6,871,431**	**7,809,844**	**7,799,868**
Financial Liabilities					
Deposits	**-**	**-**	**5,801,521**	**5,801,521**	**5,802,234**
Borrowings	**-**	**-**	**2,158,557**	**2,158,557**	**2,156,053**
Other payables	**69,004**	**-**	**-**	**69,004**	**69,004**
	69,004	**-**	**7,960,078**	**8,029,082**	**8,027,291**
2016					
Financial Assets					
Cash and cash equivalents	124,774	-	-	124,774	124,774
Loans and advances	-	-	6,467,691	6,467,691	6,445,498
Other investments	-	758,650	-	758,650	758,650
Other assets	24,784	-	-	24,784	24,784
	149,558	758,650	6,467,691	7,375,899	7,353,706
Financial Liabilities					
Deposits	-	-	5,502,949	5,502,949	5,501,218
Borrowings	-	-	2,075,352	2,075,352	2,073,650
Other payables	69,166	-	-	69,166	69,166
	69,166	-	7,578,301	7,647,467	7,644,034

Fair value hierarchy levels have not been disclosed for some financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

31. SUPERANNUATION COMMITMENTS

The Group has established a superannuation fund for employees of the Group, which existed for the full financial year. The benefit is the provision of retirement lump sums via accumulation type funds. The basis of contributions to the fund is by way of employer and employee contributions. The obligation to contribute to the fund is to ensure compliance with the superannuation guarantee charge.

32. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 September 2017, the Chief Executive Officer, Mr Steven Laidlaw was appointed as Managing Director.

Other than this appointment, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Credit Union, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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Annual General Meeting

11.00am, Thursday 9 November 2017
Pullman Adelaide (formerly Crowne Plaza)
16 Hindmarsh Square, Adelaide

Bankers

Cuscal Ltd
National Australia Bank Limited
Westpac Banking Corporation
Australia and New Zealand Banking Group Limited

Auditors

KPMG

Tax Agent

KPMG