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Registered Name: Bananacoast Community Credit Union Ltd
Registered Office: 69 Park Beach Road, Coffs Harbour NSW 2450
Telephone: 1300 228 228
Internet: www.bcu.com.au
ABN: 50 087 649 750
AFSL: 241077
Australian Credit License: 241077
External Auditor: BDO Audit Pty Ltd, Level 10, 12 Creek St,
Brisbane QLD 4000

Highlights



3,482
**new bcu
Members**

12,666 new
**accounts
opened**



22,274,406



transactions
processed



iBank
sessions

3,748,324
this year ↗

768 new
home loans
funded



25,896
**bcu Connect
App Users**



\$160m liquidity
support program

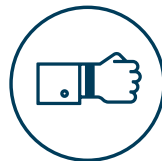
Key Initiatives

Banking that moves with you



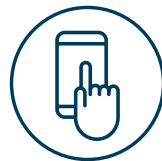
NPP: New Payments Platform

Launched February 2018 in Australia – NPP allows you to send and receive money in real time, 24 hours a day, 365 days a year.



ActivePay

bcu introduced its new innovative wearable technology to customers from March 2018. ActivePay gives Members a convenient way to pay that suits their lifestyle.



bcu Connect App

Letting Members stay in control of their finances – bcu Connect App was updated in December 2017 to include a range of new features and security functions.

Chairman's Message

I am pleased to present the Chairman's annual report on behalf of the bcu Board of Directors.



Originally founded in the early 1970s, bcu was created by a small group of banana farmers on the NSW North Coast. In combining their resources the farmers were able to offer a local, realistic banking alternative to the big banks, with Members and the local community at the core of the business.

Now almost 50 years on, bcu continues to evolve with over 55,000 Members, over 200 local employees, an asset base of \$1.7bn, 22 stores and offices that span from the Sunshine Coast to Port Macquarie. From the very inception of the organisation, bcu Members have proudly played an integral role in the development and growth of bcu and helped shape its direction and journey. Our Members' share bcu's passion for our local regions, and respect the commitment bcu has made to helping local communities develop and prosper. On behalf of the board I would like to extend our appreciation for this ongoing support from our valued Members.

At bcu, our staff are a team of dedicated and passionate people who have driven our success this year and I'd like to make special mention of their contribution. As proud Members of the local community, our staff have a thorough understanding of the unique needs and characteristics of the bcu regions. They are committed to delivering genuine personal service and creating deep and enduring Member relationships, built on a foundation of trust and reliability.

Over the past year bcu has been very successful in delivering on our commitment to provide Member-focused solutions to banking problems, and keeping Members' interests at the core of our business. Further to this, it was recognised that we required additional space to serve our Members. bcu recently relocated the Park Avenue retail store to a new location at Coffs Central, which is right in the heart of Coffs Harbour CBD. Following the retail store move, is the planned move of bcu corporate staff, also into the Coffs Central building, in late September 2018. This is an exciting time for bcu and the long lease on the office demonstrates bcu's ongoing commitment to the Coffs Coast.

As a community owned organisation we are heavily focused on our Members and local regions, with a commitment to ensuring profits are channelled back into the local community. Our aim to increase our community engagement and give back through our local sponsorships has established bcu as one of the largest overall donors to local charities, clubs and organisations across our main regions of Port Macquarie, Coffs Coast, Clarence Valley, Northern Rivers and the Sunshine Coast. Some of these sponsorships have included the bcu Coffs Tri, Bill Ussher Scholarship, Macksville Ride Around the River, Maroochydhore Surf Life Saving Club and the Disabled Surfers Association.

We are all extremely proud to remain committed to the original purpose of the founders of bcu and provide a local alternative to the big banks by supporting our Members and local regions through reinventing and delivering new award winning products and services, creating sponsorship and community opportunities.

In closing I would like to take this opportunity to thank my fellow directors for their individual and collective contributions over the past 12 months and congratulate Acting CEO Alan Butler, his senior management team and all of our staff for their outstanding commitment to the organisation and for the excellent results they have achieved. I look forward to the upcoming year, as we continue to fulfil our central mission as a leader of community-focused banking services.



Grant Andrew Wallace
Chairman

Questions & Answers with the CEO



Alan Butler | B.Bus, GradCertBus, MBL, CPA
Acting Chief Executive Officer

Alan has been with bcu for 6 years as part of the executive team. Alan has held roles in Credit Management and Strategy and related roles, including mergers and acquisitions and capital raisings with regional banks. He is a Member of the CPA Australia, holds a Bachelor of Business, Masters of Business Law and Graduate Certificate of Business – Banking.

What are some of the highlights from your first year in this role?

Faster / Simpler / Convenient

The 2017 financial year saw a range of exciting digital advancements and improvements for bcu. The NPP was launched in Australia earlier this year and we were proud to be one of the first financial institutions to offer this service. NPP lets our Members send and receive money in real time, 24 hours a day, 365 days a year.

A new, improved version of the popular bcu Connect App was rolled out in December 2017. Offering a range of traditional banking functions, such as updating personal details and even authorising two-to-sign transactions, the latest version also gives Members access to a variety of card management functions. With over 25,000 Members using the bcu Connect App, it has never been easier for Members to stay in control of their finances, 24 hours a day, 7 days a week – all from the palm of their hand.

We also launched the bcu ActivePay wearable wristband, giving Members a new convenient way to pay that suits their lifestyle. Completely free to bcu Members, ActivePay gives our Members a convenient no fuss way to get what they need, when they want it.

Member focus

Our Members' needs are the central focus of bcu and this year we continued to meet these needs without the competing interest of delivering shareholder profits, that the big banks must contend with. The modern and accessible services we provide are just part of why bcu is so proud to be local and accessible to the community. It is our Members that continue to be our biggest focus and we aim to continue exceeding expectations in 2018-19.

bcu is a very community focused organisation. What kind of sponsorships, local events and charities were bcu involved with this year?

As a Member-owned credit union, bcu are committed to putting the local community at the core of our business. During the 2017-18 Financial Year, we were proud to support over 100 community events across our regions through the bcu Coffs Tri, Port Macquarie Cancer Council's Dancing with the Stars, Macksville Ride around the River, Maroochydore Surf Life Saving Club Nippers and Tweed Valley Banana Festival. bcu thoughtfully partnered with local organisations to enrich the lives and communities that we serve.

What can you tell us about bcu's Financial Results?

Our dedicated staff, comprehensive product range and modern services ensured that bcu achieved strong, positive financial results this year.

The total revenue increased by 5.9% for the year ending June 2018, totalling at \$77.5 million. This was assisted by an overall increase in loans under management. In conjunction with the revenue growth and practical cost management, the net profit after tax for the financial year ended 2018 increased 17.4% to \$10.7m.

bcu are committed to providing its Members with modern, accessible products and has made significant product developments this year including the launch of the New Payments Platform (NPP) allowing Members to send and receive funds instantly. The release of updates to the bcu Connect App and other product improvements have been absorbed by the profits made in this financial year.

The total capital adequacy ratio increased to 14.8% for the year ending June 2018, from 13.8% in the year ending June 2017. This is on the back of increasing tier 1 capital through retained earnings, from 12.7% in 2017 to 13.7% in 2018.

What does bcu want to achieve in the year ahead?

Members

As with previous years, our Members will again be our primary focus in the year ahead. We are committed to providing our Members with an alternative through outstanding customer service and quality, competitively priced products delivered through robust and efficient business systems.

Reinvesting back into the community

We will continue to give back to our local community with a range of sponsorships and donations to local charities and organisations. We have recently launched our not-for-profit initiative that is designed specifically for local not-for-profit community groups and organisations. This initiative will ensure bcu can play a crucial role in enhancing the social, cultural and environmental wellbeing of our Members' communities.

Move to Coffs Central

In July 2018 we relocated the Park Avenue, Coffs Harbour retail store to the newly developed Coffs Central Shopping Centre. This exciting move will offer a more convenient, central location with modern facilities to efficiently service Members and local businesses. bcu will also be relocating its corporate teams to newly built commercial premises in Coffs Central. The new retail and corporate space highlights bcu's dedication to the local business community and will provide bcu with the space and flexibility it needs to continue to grow.





Faster Simpler Convenient Banking

New Payments Platform (NPP)

The new Payments Platform was developed to allow bcu Members to complete Osko transactions in real-time using PayID or financial account details to send and receive payments within 15 seconds, 24 hours per day, 365 days per year. PayID allows you to link your financial account details to your mobile number, email address, ABN or Organisation Name. This was an industry wide initiative that took over 5 years and billions of dollars to develop. It involved a large number of financial institutions working together to deliver a completely new, secure channel for payments to be sent. We collaborated with one of the original sponsors, ASL, to adopt a best-practice system. bcu's successful 'Day One' launch exemplified the hard work that was put in to ensure it stood apart from the big banks.

ActivePay

In conjunction with our other initiatives, bcu delivered ActivePay, a wristband that allows bcu Members to tap and go without having to carry cash around. The resulting bands have been well received by bcu Members with over 500 issued since they were released in March 2018. The band, worn on your wrist, can be used for any transaction where tap and go is available; buying your coffee whilst on your morning run or paying for your groceries whilst juggling energetic kids has never been easier.

bcu Connect App (Release 4)

The latest version of the bcu Connect App was released in late 2017 and provides the following new features:

- card management: to activate cards, reset your card PIN, lock & unlock lost cards and cancel & re-order lost, stolen & damaged cards
- make Osko payments
- register/update a PayID
- update contact details
- complete 'two to sign' transactions
- touch ID and logout button (Apple only)

These additions to the app have put bcu ahead of some of the major banks in the number of self service functions made available to Members through the convenience of the Connect App.

Community Spirit





Macksville Ride Around the River

bcu was very pleased to be the major sponsors for the 'bcu Ride around the River' which was held in Macksville.

This annual cycling event began in 2014 and was inspired in memory of a local legend, Brian Cockbain, who did so much for the cycling community in the Nambucca Valley and across the Mid-North Coast.

The event attracted a large number of participants and supporters locally, as well as from outside the area. It was terrific to be a part of this wonderful event which brought the whole community together.

Proceeds from this event went towards supporting Nambucca Valley sporting clubs and the Macksville Cycle Club. The Macksville bcu team supported the event and the community, with the pre-event information day held at the back of bcu Macksville store.

Bill Ussher Scholarship

bcu is proud to invest in Australia's future leaders. Held annually, the bcu Bill Ussher Scholarship carries the legacy of our founding Chairman Bill Ussher to give back to the local community.

The 2017 Bill Ussher Scholarship distributed \$2,000 each (from a total prize pool of \$20,000) to 10 striving students, to enrich their education. The winners were able to access their funds over the course of the year to help contribute to educational costs that arose through their studies. With the scholarship available to bcu students, trainees and apprentices, the scholarship attracted applications from over 260 motivated bcu Members.



Disabled Surfers' Association

For nine years, bcu has supported the Mid-North Coast Disabled Surfers' Association (DSA), which provides people with disabilities the opportunity to participate in surfing and beach activities.

As part of a network of associations across the nation, the Mid-North Coast branches of DSA extend from Woolgoolga to Port Macquarie. bcu staff regularly assist with DSA's 'beach open days' to give people with disabilities the support, and access to the necessary equipment, to enjoy their surfing experiences.





bcu Coffs Tri

The 2018 bcu Coffs Tri once again proved a massive success with sell out numbers, attracting 1,195 competitors and 3,525 spectators from around Australia. Coffs Harbour turned up the heat with amazing weather and spectacular views for all to enjoy.





bcu takes great pride in being the event’s major sponsor and is delighted to take part in a community run event. For the second year running, the event was recognised as a Regional Flagship Event by Destination NSW, which is an exciting achievement for our region.

To encourage an active participation from our primary students around the region, an incentive was introduced in 2017 to give schools the chance to win sporting equipment. bcu was proud to support local schools in the “Scoot for Schools cup” with \$3,500 of proceeds being funded towards local schools within the Coffs Coast region.

While the primary focus is on the competitors, bcu would like to give a special thank you to the amazing staff who volunteered over the weekend. From taking time out of their busy schedules to cheer on the competitors, to providing assistance to visitors from around Australia, our volunteers built a fantastic atmosphere. bcu received excellent recognition and positive feedback with the record breaking volunteer numbers.

The bcu Coffs Tri showcases the community spirit of Coffs Harbour, the scenic coastal region and boosts the local economy, all while actively promoting a healthy lifestyle.



Scoot for Schools Cup

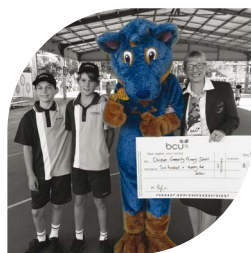
The Scoot for Schools Cup coincides with the bcu Coffs Tri and is a popular initiative to encourage primary school students to do something active in their local community and give their schools a chance to win sporting equipment.

This year, the Scoot for Schools Cup attracted 300 primary school students from across 25 schools within our region. In a tightly fought finish, the winning schools in the 2018 Scoot for Schools Cup were Bishop Druitt College, Coffs Harbour Christian Community School, St Augustine's and Clarence Valley Anglican School.

Each of these schools were awarded a voucher from Hart Sport ranging from \$625 – \$1,125 to spend on sporting equipment. The funds will go a long way in purchasing much-needed sporting equipment for the schools and will encourage students to be active in the playground.

SCOOT FOR SCHOOLS CUP 2018 bcu Coffs Kids Tri winners

- Clarence Valley Anglican – Small School
- Bishop Druitt College – Medium School
- St Augustine's – Large school
- Coffs Harbour Christian Community School – Encouragement Award





Executive Team



Ciara Gilleece | Company Secretary, Executive Office

Ciara is a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators (UK and Ireland). Ciara joined bcu in 2017 as the Company Secretary having previously worked in Australia and overseas as a Company Secretary in professional, in-house and industry based roles for large brand entities.



Peter Waters | Chief Governance and Risk Officer

Peter has been with bcu for 13 years within a number of roles including Operational, Risk Governance and Compliance. Peter recently moved into the role of Chief Governance and Risk Officer and is responsible for Corporate Governance inclusive of Compliance, Audit and Risk Management and works closely with the Board, Committees and senior management to ensure that robust and effective governance, risk management and compliance frameworks are implemented and operating effectively. Peter holds a Diploma in Financial Services.



Callum Pritchard | General Manager – Sales and Service

Callum started with bcu in mid-2017 and brings significant experience to bcu with 20+ years' experience in the financial markets/services. He has extensive sales, trading and management experience and has held senior management roles for institutional banks in Hong Kong, Japan, New York, London and Australia. Callum holds a Bachelor of Commerce, Bachelor of Laws, Master of Laws and Graduate Diploma in Legal Practice along with a Diploma of Financial Planning.



Mark Attwood | Chief Credit Officer

Mark has been with bcu for 14 years starting as Head of Credit, then moving to an executive level role responsible for; credit approvals, policy, analytics, collections/recoveries & credit risk review/ hind sighting. Mark is a Member of the Credit and Executive Governance Committees and has held positions in Asset & Liability Committee (ALCO) and Chairman Position for the Credit Committee. Mark is recognised as an ASIC Responsible Manager under the National Credit Act 2010-2015 and 2017. 1990 - Associate of the London Institute of Banking and Finance (formerly the Chartered Institute of Bankers).



Shelley Lantry | Human Resources Manager

Shelley brings a wealth of generalist Human Resources knowledge and experience to the Senior Management team at bcu, with over six years' working in the financial services industry and previous experience in the hospitality industry working for one of the largest hotel companies in Australia. Shelley holds professional qualifications in Human Resources Management and Training & Assessment.



Richard York | General Manager – Marketing

Richard brings over 20 years Marketing and Customer Service Experience to the Executive Management Team, and holds professional qualifications in Marketing and Economics. Prior to his role at bcu, Richard held senior marketing positions in Australia, UK and Ireland, across banking & finance, travel, telecommunications and FMCG.



William Hill | Chief Operations Officer

William has been with bcu for two years in an executive role overseeing operations including IT, Property, Project Office and Administration Support. William previously held a senior role with Woolworths Limited managing a variety of business units, including a lead role in a significant enterprise wide Information Technology Projects. William holds a Bachelor of Business Administration.



Richard McShane | Manager – Products

Richard has been working in the financial services sector for over 17 years across Retail Banking, General Insurance and Payments. With experience in the UK and Australia Richard has a track record delivering award winning products.



Jan Kotze | General Manager – Finance

Jan has been with bcu for two years as General Manager of Finance and Performance. Jan has held roles within financial services industry spanning 21 years previously working for Citi, Barclays Bank Africa and KPMG. Jan holds a post graduate degree in Accounting, is a fellow of ACCA, a Member of CA ANZ and a charter holder of the Institute of Chartered Analysts (CFA).

Board of Directors



Mr Grant Andrew Wallace | BBus, GAICD, CA, CTA, FTIA, NTAA

- Chairman
- Chairman Board Governance Committee
- Member Board Audit Committee
- Member Board Risk Committee

Director since 2009 and Chairman since 31 July 2012. Key responsibilities on the Board include chair and member of the Governance Committee together with membership of both the Audit and Risk Committees. Grant brings strong corporate governance and financial management understanding to the Board as a result of more than 30 years' experience in the accounting profession advising medium and large family business coupled with post graduate development in taxation, finance, financial planning and corporate governance. He continues to advise family owned business in a range of industry sectors such as agriculture, engineering, mining services, medical and property. He also holds Directorships and committee roles with organisations within the private and public sector.



Mr Geoffrey Keith Hardaker | JP

- Deputy Chairman
- Member Board Governance Committee
- Member Board Audit Committee
- Member Board Risk Committee

Director since April 2011. Key responsibilities on the Board include Deputy Chairman since 30 October 2017 and membership of the Governance, Audit and Risk Committees.

Geoff is a self-employed businessman and Managing Director of Coffs Harbour Office Choice, Coffs Harbour. He has been involved in the office equipment industry for almost 40 years. Geoff sees the opportunity to serve on the Board of bcu as a privilege and has previously served as Chairman of the Westpac Rescue Helicopter, Coffs Harbour. Geoff previously worked in the real estate industry in Coffs Harbour and has owned and still owns commercial properties in the city.



Mr Stephen (Steve) Craig Targett | FAICD, MAIEx (Diploma)

- Chairman Board Risk Committee
- Member Board Audit Committee
- Member Board Governance Committee

Steve Craig Targett joined bcu's Board in May 2018 after completing his role as CEO of RACQ Bank in March, 2018. Key responsibilities on the Board include Risk Chair since 6 June 2018 and membership of the Governance and Audit Committees. In previous roles, Steve led a world first merger of a Mutual Bank and Auto Club and successfully launched the new member-owned RACQ Bank in September, 2017. He has also held large global roles running bank divisions, where he reported directly to the CEOs of National Australia Bank, Lloyds TSB and ANZ Bank.

Overseas, Steve held numerous roles, including CEO positions at National Australia Group, Europe and ANZ Japan and held Directorships at Clydesdale Bank, Yorkshire Bank, Northern Bank, National Irish Bank, and National Bank of New Zealand. He is the only Australian to be elected to the Board of the New York-based International Swaps and Derivatives Association and was a previous Chair of the Australian Financial Markets Association.

More recently, Steve was Deputy Chair of P&Cs Queensland, and a Director of Cuscal and TAS Managed Services. Steve's career is defined by a focus on financial services and he strongly believes in member owned banking. He is looking forward to bringing this passion and knowledge to the bcu Board.



Mr Sinclair Denis John Black | Dip Bus and Mkt, Dip Retail Bus Mgt, Dip Film

- Member Board Governance Committee
- Member Board Risk Committee
- Member Board Audit Committee

Sinclair Denis John Black has been a bcu Director since 2015. Key responsibilities on the board include membership of the Governance, Audit and Risk Committees.

With more than 20 years of advertising, marketing and sales experience, Sinclair has a proven track record of strategic expertise, brand building and small business skills. He established an advertising and television production company - Coffs Harbour's first digital media agency – and employs a team of local media professionals who produce marketing campaigns, television commercials, corporate videos and websites for a range of national and local clients including bcu. Sinclair is a seasoned business leader in small, particularly innovative enterprises and is a Director of Village Sports Coffs Harbour, which runs three major annual community sporting events on the NSW Coast. Village Sports donates profits back to local charities and community groups, Sinclair has also held many community committee roles.



Mr Michael Wayne Gould | B Eng (Hons), GDEME, AMP173, CPEng, FAICD, MIEAust, RPEQ

- Chairman Board Audit Committee
- Member Board Risk Committee
- Member Board Governance Committee

Michael Wayne Gould re-joined the bcu Board in February this year after an initial 18-month stint in 2013-14. He brings to the Board more than 35 years' experience in private sector commercial and property projects throughout Australia. His key responsibilities on the Board include Chair and member of the Audit Committee since 27 March 2018 and membership of the Governance and Risk Committees. Mike and his wife Janet both grew up in Inverell, before attending University in Brisbane. He has a strong and long-standing connection and understanding of rural and regional community issues and has been involved in many projects in rural and remote communities. This background provides Mike with a strong platform with which to understand the unique requirements and aspirations of bcu's organisation and members.

Mike is highly skilled at strategic planning, design, procurement, delivery and asset performance for public and private infrastructure. He brings experience in the building and construction industry to the role, along with a wealth of corporate governance knowledge from his roles on board and advisory positions. His strategic knowledge has been of great benefit to the bcu Board this year, and he is looking forward to continuing to support bcu's growth and sustainability.

Concise Financial Report

For the Year Ended 30 June 2018

The concise financial report is an extract from the full financial report for the year ended 30 June 2018. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the consolidated entity, being Bananacoast Community Credit Union Ltd (bcu) and its controlled entities, as the full financial report.

Further financial information can be obtained from the full financial report. The full financial report and auditor's report will be sent to members on request, free of charge. Please call (02) 6690 3222 and a copy will be sent to you.





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Directors' Report 2017-2018

The Directors present their report for the consolidated entity, being Bananacoast Community Credit Union Ltd (bcu) and its controlled entities, for the year ended 30 June 2018.

Non Executive Directors

Independent Non-Executive Directors in office at any time during the year or since the end of the year are:

Mr Grant Andrew Wallace

BBus, GAICD, CA, CTA, FTIA, NTAA

- Chairman
- Chairman Board Governance Committee
- Member Board Audit Committee
- Member Board Risk Committee

Experience and Expertise

Director since 2009 and Chairman since 31 July 2012. Key responsibilities on the board include chair and member of Governance Committee together with membership of both the Audit and Risk Committees.

Grant brings strong corporate governance and financial management understanding to the Board as a result of more than 30 years' experience in the accounting profession advising medium and large family business coupled with post graduate development in taxation, finance, financial planning and corporate governance.

He continues to advise family owned business in a range of industry sectors such as agriculture, engineering, mining services, medical and property. He also holds Directorships and committee roles with organisations within the private and public sector.

Interests in Shares: 1 redeemable preference share

Mr Geoffrey Keith Hardaker

JP

- Deputy Chairman
- Member Board Governance Committee
- Member Board Audit Committee
- Member Board Risk Committee

Experience and Expertise

Director since April 2011. Key responsibilities on the Board include Deputy Chairman since 30 October 2017 and membership of the Governance, Audit and Risk Committees.

Geoff is a self-employed businessman and Managing Director of Coffs Harbour Office Choice, Coffs Harbour. He has been involved in the office equipment industry for almost 40 years. Geoff sees the opportunity to serve on the Board of bcu as a privilege and has previously served as Chairman of the Westpac Rescue Helicopter, Coffs Harbour. Geoff previously worked in the real estate industry in Coffs Harbour and has owned and still owns commercial properties in the city.

Interests in Shares: 1 redeemable preference share

Mr Stephen (Steve) Craig Targett

FAICD, MAIEx (Diploma)

- Chairman Board Risk Committee
- Member Board Governance Committee
- Member Board Audit Committee

Experience and Expertise

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Overseas, Steve held numerous roles, including CEO positions at National Australia Group, Europe and ANZ Japan and held Directorships at Clydesdale Bank, Yorkshire Bank, Northern Bank, National Irish Bank, and National Bank of New Zealand. He is the only Australian to be elected to the Board of the New York-based International Swaps and Derivatives Association and was a previous Chair of the Australian Financial Markets Association.

More recently, Steve was Deputy Chair of P&Cs Queensland, and a Director of Cuscal and TAS Managed Services. Steve's career is defined by a focus on financial services and he strongly believes in member owned banking. He is looking forward to bringing this passion and knowledge to the bcu Board.

Interests in Shares: 1 redeemable preference share

Mr Sinclair Denis John Black

Dip Bus and Mkt, Dip Retail Bus Mgt, Dip Film

- Member Board Governance Committee
- Member Board Audit Committee
- Member Board Risk Committee

Experience and Expertise

Sinclair Denis John Black has been a bcu Director since 2015. Key responsibilities on the board include membership of the Governance, Audit and Risk Committees.

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Interests in Shares: 1 redeemable preference share

Mr Michael Wayne Gould

B Eng (Hons), GDEME, AMP173, CPEng, FAICD, MIEAust, RPEQ

- Chairman Board Audit Committee
- Member Board Governance Committee
- Member Board Risk Committee

Experience and Expertise

Michael Wayne Gould re-joined the bcu Board in February this year after an initial 18 month stint in 2013-14.

He brings to the Board more than 35 years’ experience in private sector commercial and property projects throughout Australia. His key responsibilities on the Board include Chair and member of the Audit Committee since 27 March 2018 and membership of the Governance and Risk Committees.

Mike and his wife Janet both grew up in Inverell, before attending University in Brisbane. He has a strong and long-standing connection and understanding of rural and regional community issues and has been involved in many projects in rural and remote communities. This background provides Mike with a strong platform with which to understand the unique requirements and aspirations of bcu’s organisation and members.

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Interests in Shares: 1 redeemable preference share

Mr David Hamilton Christy

BEcon (UQ), DipFS, Cert of Real Estate Practices (Qld), MAICD

- Member Board Audit Committee
- Member Board Risk Committee

Experience and Expertise

Mr. Christy was not re-elected to the Board on 30 November 2017 after the 2017 Annual General Meeting.

Interests in Shares: 1 redeemable preference share

Mr John Owen Hoey

DipCM, FFIN, FAIM

- Deputy Chairman
- Chairman Board Audit Committee
- Chairman Board Risk Committee
- Member Board Governance Committee

Experience and Expertise

Director since 2010, Mr Hoey retired on 15 March 2018.

Interests in Shares: 1 redeemable preference share

Executive Directors

Executive Directors in office at any time during the year or since the end of the year are:

Mr Lyndon Allen Kingston

MCom, BBus, GradDipFin, GradDipBus, FFin, ACA

- Executive Director

Experience and Expertise

Chief Executive since 2008 after having served as bcu's Chief Financial Officer. Mr Kingston ceased to hold the position on 18 October 2017.

Interests in Shares: 1 redeemable preference share

All Directors have held their office from 1 July 2017 to the date of this report, unless otherwise stated.

Company Secretary

Company Secretaries at any time during the year or since the end of the year are:

Ms Louise K Alford

LLB(Hons), BComm, FGIA FCIS

- Company Secretary to 2 November 2017

Mr Sinclair Denis John Black

Dip Bus and Mkt, Dip Retail Bus Mgt, Dip Film

- Company Secretary from 2 November 2017 to 30 November 2017

Ms Ciara Gilleece

FGIA FCIS

- Company Secretary from 30 November 2017

Principal Activities

bcu is a company registered under the Corporations Act 2001 and is domiciled in Australia. The principal continuing activities during the year were the provision of financial products and services to members. No significant changes in the nature of these activities occurred during the year.

Review of Operations and Financial Position

bcu's profit for the year was \$10.695m compared to the previous year's profit of \$9.114m. The net profit increase of \$1.581m (or 17.35%) was predominantly due to an increase in net interest income of \$2.568m to \$47.031m as additional interest revenue was generated from an increased loan book.

Operational expenses (excluding impairments on loans and receivables) increased \$2.090m (or 4.87%), this was primarily due to a \$2.120m increase in professional fees, in part, to address queries from bcu regulators and matters related to defending and bring legal actions on behalf of bcu. The operating expense to net interest and net non-interest income ratio (excluding impairment losses) increased to 68.16% from 64.64% the previous year.

The impairment loss on loans and advances decreased by \$1.210m (or 46.7%). While there was a decrease of \$0.779m in prescribed provisions, collective provisions increased by \$0.392m and the collective provision was unchanged at \$8.385m.

The increased income tax expenses of \$0.627m was the result of the additional income before taxes that was generated during the year.

Total assets ended the year at \$1.700b representing an increase of \$49.911m (or 3.02%) for the year.

Total liabilities ended the year at \$1.561b representing an increase of \$39.216m (or 2.58%) on the prior year. This is mainly due to the growth in deposits of \$63.685m (or 4.30%) to support the growth in assets.

Total equity increased by \$10.695m to \$139.132m (or 8.33%) and is attributable to the profits for the year.

Business Strategies and Prospects for Future Financial Years

bcu intends to continue to pursue the principal activities of providing financial products and services to members. bcu's activities expose it to a variety of risks, including: credit risk; liquidity risk; market risk; and operational risk. Management of these risks is critical to bcu's prospects for future financial years. Please refer to the notes to the financial statements for information on bcu's risk management policy and objectives.

Further information about business strategies and prospects for future financial years has not been included in this report because disclosure of the information is likely to result in unreasonable prejudice to bcu.

Significant Changes in State of Affairs

Apart from disclosures elsewhere in this report, there were no significant changes in the state of affairs of bcu during the year.

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of bcu in subsequent financial years.

Dividends

No dividends have been paid or declared since the beginning of the financial year and no dividends have been recommended or provided for by bcu.

Options

No options over unissued shares or interests in bcu were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares have been issued as a result of the exercise of an option.

Proceedings

Proceedings have been brought against bcu and/or bcu's directors by 2 previous directors, one being the former Managing Director. As a part of the proceedings brought against bcu by the former Managing Director, bcu is counterclaiming for damages.

Another matter has been brought by a contractor engaged by the previous Managing Director.

bcu has engaged its legal representatives to defend these matters and have advised its insurers. Further to this bcu has initiated proceedings against a former employee.

Auditor's Independence

The auditor's independence declaration for the year ended 30 June 2018 forms part of this report and a copy of this declaration is attached.

Indemnification of Directors, Officers and Auditors

Insurance premiums have been paid to insure each of the Directors and Officers of bcu, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an Officer of bcu. In accordance with normal commercial practice disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditor of bcu.

Environmental Regulation

bcu's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Rounding

The amounts contained in the financial statements and the Directors' Report have been rounded to the nearest one thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Parent Entity and Group are permitted to round to the nearest one thousand dollars (\$'000) for all amounts except prescribed disclosures that are shown in whole dollars.

Regulatory Disclosures

The disclosures, required by Prudential Standard APS330 Public Disclosures, namely the common disclosures in Attachment A and the Regulatory Capital reconciliation, are available on bcu's website at www.bcu.com.au/resources.

Directors' Meetings

The number of meetings of Directors (including committee meetings) and the number of meetings attended by each Director during the financial year were:

Directors Name	Board		Board Governance Committee	
	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended
G A Wallace	15	15	9	9
J O Hoey	10	9	6	6
G K Hardaker	15	13	9	8
S D J Black	15	15	5	5
D H Christy	6	6	–	–
L A Kingston	4	4	–	–
M Gould	7	7	3	3
S Targett	2	2	1	1

Directors Name	Board Audit Committee		Board Risk Committee	
	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended
G A Wallace	7	7	8	8
J O Hoey	5	4	6	5
G K Hardaker	7	6	8	6
S D J Black	7	7	8	8
D H Christy	3	3	3	3
L A Kingston	–	–	–	–
M Gould	2	2	3	3
S Targett	1	1	1	1

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



G A Wallace
Chairman



G K Hardaker
Deputy Chairman

Brisbane
28 August 2018



**DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF
BANANACOAST COMMUNITY CREDIT UNION LTD**

As lead auditor of Bananacoast Community Credit Union Ltd and its controlled entities for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bananacoast Community Credit Union Ltd and the entities it controlled during the period.

P A Gallagher
Director

BDO Audit Pty Ltd
Brisbane, 28 August 2018

Consolidated Statement of Profit or Loss and Comprehensive Income

for the Year Ended 30 June 2018

	Note	2018	2017
		\$'000	\$'000
Interest income	6	77,504	73,201
Interest expense		(30,473)	(28,738)
Net interest income		47,031	44,463
Other income	6	9,956	9,437
Employment benefits	7	(17,123)	(16,183)
Occupancy expense	7	(2,907)	(2,969)
Depreciation and amortisation expense	7	(987)	(1,181)
Impairment loss on loans	7	(1,381)	(2,591)
Other expenses	7	(18,767)	(17,362)
Profit before income tax		15,822	13,614
Income tax expenses		(5,127)	(4,500)
Profit for the year		10,695	9,114
Other comprehensive income, net of income tax expense		–	–
Total comprehensive income for the year		10,695	9,114

The accompanying notes form part of these statements.

Consolidated Statement of Financial Position

As at 30 June 2018

	2018	2017
	\$'000	\$'000
Assets		
Cash and cash equivalents	183,920	156,224
Other receivables	4,967	2,982
Financial assets held to maturity	79,498	73,667
Loans and advances	1,414,225	1,400,219
Property, plant and equipment	10,142	10,158
Other financial assets	1,813	1,813
Deferred tax assets	4,747	5,096
Intangible assets	694	51
Other assets	367	252
Total Assets	1,700,373	1,650,462
Liabilities		
Deposits	1,543,420	1,479,735
Other payables	15,370	12,425
Income tax payable	(23)	1,700
Provisions	2,474	2,622
Borrowings	–	25,543
Total Liabilities	1,561,241	1,522,025
Net Assets	139,132	128,437
Equity		
Reserves	40,638	40,617
Retained earnings	98,494	87,820
Total Equity	139,132	128,437

The accompanying notes form part of these statements.

Consolidated Statement of Changes in Equity

for the Year Ended 30 June 2018

Consolidated	Redeemed Preference Shares	General Reserve	Reserve for Credit Losses	Revaluation Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	696	34,087	2,467	3,346	78,727	119,323
<i>Total comprehensive income for the year</i>						
Profit for the year	–	–	–	–	9,114	9,114
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	9,114	9,114
Transfer from retained earnings to redeemed preference share reserve	21	–	–	–	(21)	–
Asset revaluation reserve	–	–	–	–	–	–
Transfer from asset revaluation reserve to retained earnings	–	–	–	–	–	–
Total transfers	21	–	–	–	(21)	–
Member bonus shares redeemed	–	–	–	–	–	–
Total transactions with owners in their capacity as owners	–	–	–	–	–	–
Balance as at 30 June 2017	717	34,087	2,467	3,346	87,820	128,437
Balance as at 1 July 2017	717	34,087	2,467	3,346	87,820	128,437
<i>Total comprehensive income for the year</i>						
Profit for the year	–	–	–	–	10,695	10,695
Total comprehensive income for the year	–	–	–	–	10,695	10,695
Transfer from retained earnings to redeemed preference share reserve	21	–	–	–	(21)	–
Total transfers	21	–	–	–	(21)	–
Balance as at 30 June 2018	738	34,087	2,467	3,346	98,494	139,132

The accompanying notes form part of these statements.

Consolidated Statement of Cash Flows

for the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Interest received	77,156	73,375
Dividends received	175	51
Fees and commissions received	8,867	9,611
Interest paid	(30,473)	(28,738)
Payments to suppliers and employees	(37,374)	(33,040)
Net movement in loans and advances	(14,925)	(96,332)
Net movement in deposits	63,686	118,873
Income taxes paid/refunded	(6,502)	(4,788)
Net cash provided by / (used in) operating activities	60,610	39,012
Cash flows from investing activities		
Payments for property, plant and equipment	(1,762)	(139)
Proceeds from sale of property, plant and equipment	16	–
Payments for non-dealing securities	(5,625)	5,101
Net cash provided by / (used in) investing activities	(7,371)	4,962
Cash flows from financing activities		
Redemption of member preference shares	–	–
Repayment of borrowings	–	–
Net movement in securitised loans	(25,543)	(4,296)
Net cash provided by / (used in) financing activities	(25,543)	(4,296)
Net increase / (decrease) in cash held	27,696	39,678
Cash at the beginning of the financial year	156,224	116,546
Cash at the end of the financial year	183,920	156,224

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2018

The concise financial report was authorised for issue on 28 August 2018 by the Board of Directors.

NOTE 1

Basis of preparation of the concise financial report

The concise financial report relates to the consolidated entity consisting of Bananacoast Community Credit Union Ltd (bcu) and Aiera Trust for the year ended 30 June 2018.

The consolidated entity operates within the finance industry within Australia and its principal continuing activities during the year comprised the provision of financial products and services to members.

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. bcu is a for profit mutual entity.

The concise financial report has been prepared on an accruals basis and is based on historical costs except for land and buildings, investment property, derivatives and financial assets available for sale that have been measured at fair value.

Accounting policies have been consistently applied to all years presented, unless otherwise stated. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. Note 1 of the full financial report details all accounting policies.

The presentation currency of the concise financial report is Australian Dollars.

The amounts contained in the financial statements and the Directors' Report have been rounded to the nearest one thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Parent Entity and Group are permitted to round to the nearest one thousand dollars (\$'000) for all amounts except prescribed disclosures that are shown in whole dollars.

NOTE 2

Statement of compliance

The full financial report complies with all Australian equivalents to International Financial Reporting Standards in the entirety.

NOTE 3

Accounting estimates and judgements

Management has made accounting estimates and judgements when applying bcu's accounting policies. Information about the significant accounting estimates and judgements is detailed in Note 1 of the full financial report. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on bcu and that are believed to be reasonable under the circumstances.

NOTE 4

Dividends and options

No dividends have been paid or declared since the end of the financial year and no dividends have been recommended or provided for. No options over issued shares were granted during or since the end of the financial year and there were no options outstanding at the date of the concise financial report.

NOTE 5

Events subsequent to the end of the reporting date

No circumstances have arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of bcu, the results of these operations, or the state of the affairs of bcu in future financial years.

Note 6

Income

	2018	2017
	\$'000	\$'000
Interest Income	77,504	73,201
Non-interest Income		
Dividend revenue	175	51
Fees and commissions (deposits)	4,500	4,516
Mortgage servicing income	5,043	4,836
Rental income from investment properties	58	55
Fair value adjustments	206	–
Other	(26)	(21)
Total Non-interest Income	9,956	9,437
Total Income	87,460	82,638

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2018

NOTE 7

Profit before income tax

Profit before income tax has been determined after the following items:

	2018	2017
	\$'000	\$'000
Expenses		
Salaries, wages and other personnel costs	15,913	15,193
Superannuation expense (defined contribution)	1,210	990
	17,123	16,183
Net impairment loss on loans and receivables	1,381	2,591
Other expenses		
Banking operations	2,756	2,758
General and administration	239	269
Marketing and brand	1,377	820
Professional services	3,980	1,860
Technology and communications	3,904	3,732
Subscriptions	364	314
Fees and commission	6,054	7,429
Net loss on disposal of property, plant and equipment	93	180
	18,767	17,362
Occupancy expenses		
Minimum lease payments	1,865	1,775
Utilities	452	461
Others	590	733
	2,907	2,969
Depreciation and amortisation expense		
Depreciation of plant and equipment	361	572
Amortisation of computer software	138	105
Amortisation of leasehold improvements	381	398
Depreciation of buildings	107	106
	987	1,181
Total Expenses	41,165	40,286

NOTE 8

Prudential Remuneration Disclosures

The purpose of this report is to make available to the general public quantitative and qualitative information about remuneration practices for “senior management” as required under the Australian Prudential Regulation Authority (APRA) prudential standard APS 330 Public Disclosure. This has been completed in accordance with the Remuneration Policy of Bananacoast Community Credit Union (bcu). The period reported refers to the financial year ended 30 June 2018.

Oversight of Remuneration

The Board has established a Board Governance Committee (the Committee), which is comprised of three independent non-executive directors. The Board may also appoint outside experts to the Committee if it believes it is desirable to do so.

One of the roles of the Committee is to assist the Board to develop, oversee, implement and review bcu’s Remuneration Policy. The Committee does not have decision-making powers but acts on the direction of, and makes recommendations to, the Board. The Board retains overall and ultimate responsibility for remuneration. Under its Charter, the Committee has the following specific responsibilities:

- Make annual recommendations to the Board, in respect to the provisions of the Remuneration Policy including confirmation that it has been designed to encourage behaviour that supports bcu’s long term financial soundness and the risk management framework of the institution, and complies with the principles set out in CPS 510;
- Make recommendations to the Board, consistent with the Remuneration Policy, on the remuneration of the categories of persons covered by the Remuneration Policy;
- Make annual recommendations to the Board, consistent with the Remuneration Policy, on the remuneration structure applicable to the workforce and by exception the remuneration of any staff member outside the approved framework;
- Conduct annual reviews of the Remuneration Policy including assessment of the policy’s effectiveness and compliance with Prudential Standard CPS 510;
- Review and recommend the remuneration framework for directors, the CEO and senior managers;

- Review and recommend remuneration policies and practices for directors, the CEO and senior managers of bcu including remuneration philosophy and structure, performance incentives and superannuation;
- Review and make recommendations to the board regarding policies and decisions made under policies regarding incentive and performance payments to the CEO and senior management of bcu;
- Review the company’s reporting of its remuneration policies and practices and
- Carry out any other functions delegated to the Committee from the Board.

During the financial year, the Committee has used the services of McGuirk Management Consultants as remuneration experts for advice on such things as market based remuneration ranges and positioning and market movements in remuneration ranges.

Scope

The Remuneration Policy applies to all senior management positions, including the Chief Risk Officer (“Executive Managers” also called the “Executive Management Team”), in accordance with APS 510.

For the purposes of APS 330, only the Executive Management Team (comprising six managers) are considered as “senior managers”. No employees are considered material risk takers.

Design and Structure of Remuneration

The objectives of bcu’s remuneration arrangements are to:

- attract and retain capable and talented managers and staff to drive growth in an increasingly competitive environment,
- provide incentives to managers and staff for outstanding performance in line with prudent company management and effective corporate governance;
- company management and effective corporate governance,
- in relation to performance-based remuneration, to encourage behaviour that supports bcu’s long term financial soundness and risk management framework, including supporting an appropriate risk culture,
- ensure that the independence of Risk and Control personnel in the performance of their functions is not compromised, and
- ensure compliance with corporate governance requirements including CPS 510 and CPS 520.

Notes to and forming part of the Financial Statements

for the Year Ended 30 June 2018

It is bcu's policy to review the Remuneration Policy annually by the Committee.

Remuneration of positions covered by the Remuneration Policy consists of fixed and performance-based components. The fixed components consist of base salary, compulsory superannuation benefits, and other fringe benefits. Staff can elect to salary sacrifice further benefits.

The performance-based component comprises short term and long term benefits, which are variable and are paid annually.

For Senior Managers, short term and long term benefits are cash performance bonuses based on demonstrated leadership competencies, the achievement of financial parameters as well as delivering on role-specific key result areas which are consistent with bcu's strategic plan and provide for a degree of stretch as recommended by the Committee and approved by the Board.

The Board has the discretion to adjust the performance-based components of remuneration to zero if necessary due to significant adverse, unexpected or unintended consequences affecting bcu, to protect the financial soundness of bcu, or for any other reason.

Performance based remuneration for all Senior Managers takes the form of cash payments only. bcu does not provide equity or equity-linked forms of remuneration.

Focus on Risk Management

As part of the fixed remuneration provided to Senior Managers, performance is measured on an annual basis against key result areas including:

- Effective and efficient risk management and control,
- Compliance with relevant acts, regulations, internal and external standards, and acting in accordance with company values, and
- Delivery of expected outcomes or contribution from their area of functional oversight.

For the 2017/2018 financial year, no incentive was payable if Net Profit before Tax was below target and/or bcu did not demonstrate satisfactory compliance with Risk and Compliance KRA obligations in Senior Managers individual incentive score cards.

No changes have been made to these measures and their impact on remuneration over the past year.

Risk	Measure
Capital	Capital adequacy ratio
Credit	Prescribed and specific provisions for doubtful debts Arrears Geographic, product and industry exposures Credit risk review findings
Market	Net interest income at risk Value at risk as a percentage of capital
Liquidity	High quality liquidity asset ratio
Operational	Number and category of disruption to customer services Number and category of operational losses Customer feedback Turnover and absenteeism
Compliance	Adherence to APRA requirements Internal and external audit findings Credit risk review findings

These measures are intended to ensure a focus by all Senior Managers on risk management and quality.

Performance based assessment

The performance of staff, including Senior Management, is reviewed annually. Individual employee performance is assessed against key performance indicators for the role and established benchmarks for behavioural competencies. Consideration is also given to other significant factors affecting performance, if applicable.

Key performance indicators are linked to or aligned with the organisation's strategic and financial objectives, risk appetite statement, and policy requirements where possible. Behavioural competencies outline the level of skill, capability and proficiency required by an employee at various levels within the organisation. Both indicators provide clear guidance on the performance expectations of staff.

Review of Remuneration

The review of remuneration commences with a review of the Australian Bureau of Statistics Wages Price index and McGuirks Management Consultants Pty Ltd "Remuneration Survey".

Consideration is also given to the organisational performance of bcu, general economic indicators and inflation. Following the compilation of this data, remuneration levels for Senior Managers (including the Chief Risk Officer) and are considered by the Committee with recommendations made to the Board.

Quantitative disclosures

Quantitative disclosures made below relate to all staff identified as Senior Managers in accordance with APS 330, being the Senior Managers of bcu.

Remuneration

Six Senior Managers were paid variable remuneration in terms of APS 330 during the 2018 financial year (Six – 2017). There were no guaranteed bonuses or sign-on awards made during the financial year.

Deferred remuneration was allocated to Two Senior Managers during 2018 (Four – 2017) and no implicit or explicit adjustments to the deferred remuneration.

	2018		2017	
	\$		\$	
	Unrestricted	Deferred	Unrestricted	Deferred
<i>Fixed remuneration</i>				
Cash-based (including short-term, long-term and post-employment benefits)	1,593,885	–	1,918,067	–
Shares and share-linked instruments	–	–	–	–
Other	–	–	–	–
<i>Discretionary variable remuneration</i>				
Cash-based (including short-term, long-term and post-employment benefits)	150,957	5,000	108,426	174,793
Shares and share-linked instruments	–	–	–	–
Other	–	–	–	–

Directors' Declaration

The Directors of Bananacoast Community Credit Union Ltd declare that:

- (a) The concise financial report of the entity for the year ended 30 June 2018 is in accordance with Accounting Standard AASB 1039 Concise Financial Reports; and
- (b) The financial statements and specific disclosures included in the concise financial report have been derived from and are consistent with the full financial report for the year end 30 June 2018.

This declaration is made in accordance with a resolution of the Board of Directors.



G A Wallace
Chairman

28 August 2018



G K Hardaker
Deputy Chairman

28 August 2018





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INDEPENDENT AUDITOR'S REPORT

To the members of Bananacoast Community Credit Union Ltd

Report on the Concise Financial Report

Opinion

We have audited the concise financial report of Bananacoast Community Credit Union Ltd (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and related notes, derived from the financial report of Bananacoast Community Credit Union Ltd for the year 30 June 2018 and the discussion and analysis.

In our opinion, the accompanying concise financial report including the discussion and analysis of Bananacoast Community Credit Union Ltd complies with Accounting Standard *AASB 1039 Concise Financial Reports*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Concise financial report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

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The financial report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 28 August 2018.

Responsibility of the Director's for the concise financial report

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's responsibility for the audit of the concise financial report

Our responsibility is to express an opinion on whether the concise financial report complies in all material respects, with AASB 1039 *Concise Financial Reports* of the based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

BDO Audit Pty Ltd

P A Gallagher
Director

Brisbane, 28 August 2018

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