

The Directors present their report together with the financial report of Traditional Credit Union Limited (the "Credit Union"), for the year ended 30 June 2018 and the Auditor's Report thereon.

## Corporate information

The Credit Union is an Australian Public Company and registered under the Corporations Act 2001. It is a mutual entity with the core purpose of benefiting its Members.

The Credit Union is an Authorised Deposit-taking Institution ("ADI") supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. The Credit Union is also supervised by the Australian Securities & Investments Commission ("ASIC") under the Corporations Act 2001, and holds an Australian Financial Services Licence and a Credit Licence.

## Directors

The names and details of the directors of the Credit Union in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

### Micky Wunungmurra



Non-Executive Director, Chair of the Board and Member of the Audit & Finance Committee

Director since 2003

- Community Representative from Gapuwiyak, Lake Evella
- Deputy Chair of ALPA
- Employed by ALPA

### David Djalangi



Non-Executive Director

Director since 2002

- Traditional Owner from Galiwinku, Elcho Island
- Director of ALPA
- Member of the Full Council of the Northern Land Council
- Member of the Advisory Council of East Arnhem Regional Council
- Employed by ALPA

## David Marpiyawuy



Non-Executive Director

Director since 2007

- Traditional Owner from the Milingimbi Community

## Bunug Galaminda



Non-Executive Director

Director since 2010

- Traditional Owner from Warruwi Community, Goulburn Island
- Member of the Advisory Committee with the Aboriginals Benefit Account
- Member of the Full Council of the Northern Land Council
- Chair of the Yagbani Aboriginal Corporation
- Member of the Ajurumu Store Committee

## Richard Bandalil



Non-Executive Director

Director since 2016

- Traditional Owner from Ramingining Community
- Member of the Committee for Dinybulu Regional Services
- Member of the Committee for ALPA Stores
- Employed by the East Arnhem Regional Council

## David Knights



Non-Executive Director, Chair of the Board Risk Committee and Member of the Audit & Finance Committee

Director since 2009

- Degree in Engineering and a Masters of Business Administration
- Senior Executive with National Australia Bank
- Chair and Company Secretary of the Australian Custodial Services Association

## Director's Report

### Iain Summers



Non-Executive Director, Chair of the Audit & Finance Committee and Member of the Board Risk Committee

Director since 2005

- Chartered Accountant
- Independent Chair of Risk Management and Audit Committees for a number of local government Councils
- Self-employed Consultancy Business
- Director of Primary Health Network NT

### Elsbeth Torelli



Non-Executive Director, Company Secretary, Member of the Audit & Finance Committee and Member of the Board Risk Committee

Director since 2016

- Fellow of the Institute of Public Accountants
- Director of Instil
- Chief Risk Officer at Bank First

### Sharyn Innes



Non-Executive Director and Member of the Board Risk Committee

Director since 2016

- Director of Sharyn Innes Consultancies
- Director of Cazalys Palmerston Golf Club

## Company Secretary

Cathy Hunt ceased being the Company Secretary in February 2018.

Elsbeth Torelli commenced the role of Company Secretary in February 2018.

## Principal activities

The principal activity of the Credit Union during the year was the provision of a range of financial products and services to Members. There has been no significant change in the nature of these activities during the year ended 30 June 2018.

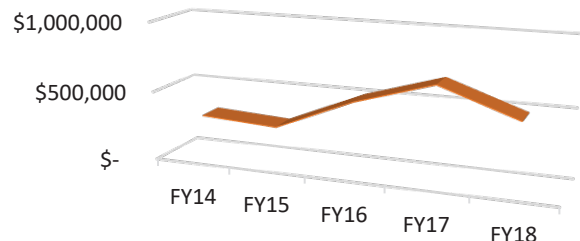
## Review of operations

### Profitability

The Credit Union recorded a profit after tax for the year ended 30 June 2018 of \$483k (FY16/17: \$677k).

From FY10/11 to FY17/18 the Credit Union has been receiving grant funding from the Aboriginals Benefit Account ("ABA") to expand banking services to remote communities. For the FY18/19 and onward the Credit Union will be self-funded and profit from normal operations is expected to reduce.

### Profit

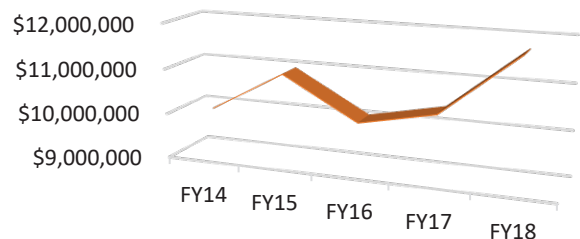


### Assets

The total assets of the Credit Union were \$11.75 million (FY16/17: \$10.41 million), representing an increase of \$1.34 million (13%).

The Credit Union's assets are largely driven by cash related investments associated with member deposits. Now that the Credit Union has concluded its expansionary phase asset levels are expected to stabilise.

### Assets

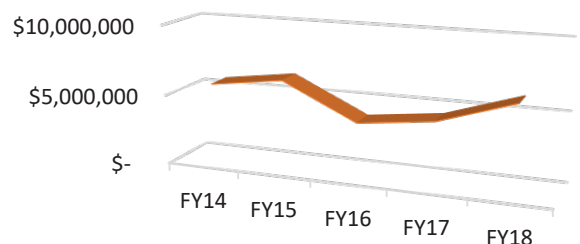


### Deposits

Total deposits increased to \$6.18 million (FY16/17: \$4.47 million), representing a portfolio increase of \$1.71 million (38%).

The Credit Union has been in an expansionary phase with the progressive introduction of branches and ATMs over the past 8 years. Deposits are expected to normalise around current levels going forward.

### Deposits

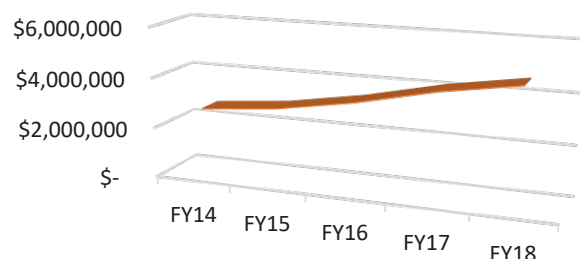


### Capital

Capital increased to \$4.62 million (FY16/17: \$4.14 million) representing an increase of \$0.48 million (12%).

The Credit Union continues to be well capitalised. This provides protection of Members' funds while enabling investment into the Credit Union's strategic direction.

### Capital



## Dividends

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

## State of affairs

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

## Events subsequent to balance date

There are no transactions or events of a material nature likely, in the opinion of the Directors, to affect significantly the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union, in the subsequent financial year

## Likely developments

Further information as to likely developments in the operations of the Credit Union 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 Credit Union.

## Director's interests

None of the above Directors have declared any interest in existing or proposed contracts with Credit Union during the financial year ended 30 June 2018 and to the date of this report.

## Director's benefits

During or since the financial year no director of the Credit Union has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments paid or payable to the directors shown in the accounts, by reason of a contract entered into by the Credit Union or a body corporate that was related to the Credit Union when the contract was made or when the director received, or became entitled to receive, the benefit with:

- A director, or
- A firm of which a director is a member, or
- An entity in which a director has a substantial financial interest.

## Director's indemnification and insurance

During the year, a premium was paid in respect of a contract insuring directors and officers of the company against liability. The officers of the company covered by the insurance contract include the directors, executive officers, company secretary and employees.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the company.

## Director's meetings

The number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

Directors	Eligible to Attend Board Meetings	Attended Board Meetings	Eligible to Attend Committee* Meetings	Attended Committee* Meetings
Micky Wunungmurra	4	4	4	2
David Djalangi	4	4	-	-
David Marpiyawuy	4	4	-	-
Bunug Galaminda	4	2	1	1
Richard Bandalil	4	4	-	-
David Knights	4	4	9	9
Iain Summers	4	4	9	8
Elsbeth Torelli	4	4	9	9
Sharyn Innes	4	4	4	3

\* Committees include: Audit & Finance Committee, Board Risk Committee and Nominations & Remunerations Committee

## Auditors' independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached as a separate document.

**Signed in Darwin this 3rd day of October, 2018**

in accordance with a resolution of the Board of Directors of the Credit Union.

*Micky Wunungmurra*

**Micky Wunungmurra**  
Chair

*Iain Summers*

**Iain Summers**  
Director

**Auditors Independence Declaration to the Directors of Traditional Credit Union Limited**

In relation to our audit of the financial report of Traditional Credit Union Limited for the financial year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Merit Partners



Matthew Kennon  
Partner

Darwin

Date: 3 October 2018