



Select Encompass Credit Union Ltd is authorised under the Banking Act to conduct banking business

APS 330 INTERIM FINANCIAL REPORTING June 2017 Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

This disclosure on capital and credit risk refers to Select Encompass Credit Union Ltd (Select Encompass).

The information in this report is prepared quarterly based on the financial records. The financial records are not audited for the quarters ended 30 September, 31 December and 31 March.

The report as at the 30 June is based on the financial statements as audited as at the 30 June 2017.

There are no other legal entities that comprise a consolidated group.

Glossary of terms used in this guide is

-) 'AT1' refers to Additional Tier 1 Capital
-) The 'Basel II framework' refers to the document International Convergence of Capital Measurement and Capital Standards: A Revised Framework, Comprehensive Version, June 2006, published by the Basel Committee on Banking Supervision (the Basel Committee);
-) 'Basel III' refers to the document Basel III: A global regulatory framework for more resilient banks and banking systems, revised version, June 2011 published by the Basel Committee;
-) 'CET1' refers to Common Equity Tier 1 Capital;
-) 'T1' refers to Tier 1 Capital; and
-) 'T2' refers to Tier 2 Capital.

The capital terms are further defined in APRA Prudential Standard APS 110.

CAPITAL BASE

The details of the components of the capital base are set out below as at the financial year ended 30 June 2017. These amounts coincide with the audited accounts.

The following Table 1 sets out the elements of the capital held by Select Encompass including the reconciliation of any adjustments required by APRA Prudential Standards to the audited financial statements. Adjustments are usually in the form of deductions of assets not regarded as recoverable in the short term (such as intangible assets and deferred tax assets), and/or discounts made to eligible capital of a short term nature.

All regulatory capital elements are consistent with the audited financial statements as at the last reporting date.

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 1: Common Disclosure

		30 June 2017
		\$,000
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	0
2	Retained earnings	72,227
3	Accumulated other comprehensive income (and other reserves)	6,408
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	0
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0
6	Common Equity Tier 1 capital before regulatory adjustments	78,635
	Common Equity Tier 1 capital: regulatory adjustments	
7	Prudential valuation adjustments	0
8	Goodwill (net of related tax liability)	0
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	78
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0
11	Cash-flow hedge reserve	0
12	Shortfall of provisions to expected losses	0
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	0
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0
15	Defined benefit superannuation fund net assets	0
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0
17	Reciprocal cross-holdings in common equity	0
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	1,577
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 1: Common Disclosure (Continued)

20	Mortgage service rights (amount above 10% threshold)	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	1,195
22	Amount exceeding the 15% threshold	0
23	of which: significant investments in the ordinary shares of financial entities	0
24	of which: mortgage servicing rights	0
25	of which: deferred tax assets arising from temporary differences	0
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	773
26a	of which: treasury shares	0
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	0
26c	of which: deferred fee income	0
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	0
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	0
26f	of which: capitalised expenses	123
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA rules	250
26h	of which: covered bonds in excess of asset cover in pools	0
26i	of which: undercapitalisation of a non-consolidated subsidiary	0
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	400
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0
28	Total regulatory adjustments to Common Equity Tier 1	3,623
29	Common Equity Tier 1 Capital (CET1)	75,012
	Additional Tier 1 Capital Instruments	
30	Directly issued qualifying Additional Tier 1 instruments	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 1: Common Disclosure (Continued)

35	of which: instruments issued by subsidiaries subject to phase out	0
	Additional Tier 1 Capital: regulatory adjustments	
36	Additional Tier 1 Capital before regulatory adjustments	0
37	Investments in own Additional Tier 1 instruments	0
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	0
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	0
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	0
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	0
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	0
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0
43	Total regulatory adjustments to Additional Tier 1 capital	0
44	Additional Tier 1 capital (AT1)	0
45	Tier 1 Capital (T1=CET1+AT1)	75,012
	Tier 2 Capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments	0
47	Directly issued capital instruments subject to phase out from Tier 2	0
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	0
49	of which: instruments issued by subsidiaries subject to phase out	0
50	Provisions	1,778
	Tier 2 Capital before regulatory adjustments	1,778
	Tier 2 Capital: regulatory adjustments	
52	Investments in own Tier 2 instruments	0
53	Reciprocal cross-holdings in Tier 2 instruments (amount above 10% threshold)	0

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 1: Common Disclosure (Continued)

54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, not of eligible positions, where the ADI does not own more than the 10% of the issued share capital (amount above 10% threshold)	0
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	0
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	0
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	0
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	0
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	0
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	1,778
59	Total capital (TC=T1+T2)	76,790
60	Total risk-weighted assets based on APRA standards	305,602
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	24.55%
62	Tier 1 (as a percentage of risk-weighted assets)	24.55%
63	Total capital (as a percentage of risk-weighted assets)	25.13%
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIBs buffer requirement, expressed as a percentage of risk-weighted assets)	7.00%
65	of which: capital conservation buffer requirement	2.50%
66	of which: ADI-specific countercyclical buffer requirements	1.5%
67	of which: G-SIB buffer requirement	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	12.55%
	National minima (if different from Basel III)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	N/A
70	National Tier 1 minimum ratio (if different from Basel III minimum)	N/A
71	National total capital minimum ratio (if different from Basel III minimum)	N/A

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 1: Common Disclosure (Continued)

	Amount below thresholds for deductions (not risk-weighted)	
72	Non-significant investments in the capital of other financial entities	0
73	Significant investments in the ordinary shares of financial entities	0
74	Mortgage servicing rights (net of related tax liability)	0
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0
	Applicable caps on the inclusion of provisions in Tier 2	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,778
77	Cap on inclusion of provisions in Tier 2 under standardised approach	3,820
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82	Current cap on AT1 instruments subject to phase out arrangements	0
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on T2 instruments subject to phase out arrangements	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

REGULATORY CAPITAL RECONCILIATION

RECONCILIATION TO THE REGULATORY CAPITAL (TABLE 1) AND THE AUDITED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017.

Line number per Table 1 Common Disclosure	Statement of Financial Position	30 June 2017 \$'000
	Assets	
	Cash and cash equivalents	5,102
	Due from other financial institutions	81,869
	Investment securities	74,192
	Receivables	4,684
	Prepayments	192
	Loans and advances to members	449,260
	(Less)/Add:	
	Provision for impaired loans	(151)
	Deferred loan origination fees and transaction costs	(18)
26f	Deferred loan transaction costs	123
	Total deferred loan origination fees and transaction costs	105
	Loans and advances to members	449,214
	Other Loans	500
	Available for sale investments:	
18	Shares in unlisted companies at cost - CUSCAL	1,577
26g	Shares in unlisted companies at cost – Transaction Solutions Pty Ltd	250
26j	Capital Securities Investment	400
	Property, plant and equipment	9,333
21	Taxation assets	89
9	Intangible assets	78
	Total Assets	627,480
	Liabilities	
	Borrowings	7,000
	Deposits from members	533,167
	Creditor accruals and settlement accounts	3,678
	Income tax liabilities	-
	Provisions	3,058
	Deferred tax liabilities	59
	Total Liabilities	546,962
	Net Assets	80,518



Select Encompass Credit Union Ltd is authorised under the Banking Act to conduct banking business

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

RECONCILIATION TO THE REGULATORY CAPITAL (TABLE 1) AND THE AUDITED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017.

Line number per Table 1 Common Disclosure	Statement of Financial Position	30 June 2017
	Members' Equity	
3	Capital Reserve Account	652
3	Asset Revaluation Reserve	4,425
50	General Reserve for Credit Losses	1,778
2	Transfer of Business Reserve	38,593
2	Retained Earnings	34,965
	Add: Net Loan Origination Fees	105
	Retained Earnings	35,070
	Total Members' Equity	80,518

CAPITAL INSTRUMENTS WITHIN THE ADI

The regulatory capital in the credit union comprises:

-) Retained Earnings and
-) General reserve for Credit Losses
-) Capital Reserve Account
-) Asset Revaluation Reserve

There are no capital instruments (shares, debt instruments) issued by the ADI.

Capital requirements for Select Encompass are determined by the risk weights of the relevant assets held, with the minimum required capital to over 8% of risk weighted assets. Select Encompass maintains a capital policy level of a capital target of 13.00%. The current level of capital as at 30 June 2017 is 25.13%.

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

The risk weighted assets held as at the end of the quarter ended 30 June 2017 is described in Table 3.

The capital held by Select Encompass exceeds the policy and minimum capital prescribed by APRA Prudential standards. The excess may facilitate future growth for Select Encompass.

The capital ratio is the amount of capital described in Table 3 divided by total risk weighted assets

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 3: Capital Adequacy

	Prescribed	
	Risk Weighted Assets \$'000	
	30 June 2017	31 March 2017
(a) Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio;		
) Cash	0	0
) Liquid investments	79,018	85,697
) Loans - secured by residential mortgage	158,207	150,360
) Loans - other retail	17,144	16,645
) Loans - corporate	272	292
) all other assets	10,824	11,004
Total credit risk on balance sheet	265,465	263,998
Total credit risk off balance sheet (commitments)		
) Undrawn financial commitments (overdrafts, credit cards, line of credit, Loans approved not advanced, guarantees)	16,817	14,642
Capital requirements for securitisation	0	0
(b) Capital requirements (in terms of risk-weighted assets) for equity exposures in the IRB approach (simple risk-weighted method).	0	0
(c) Capital requirements for market risk	0	0
(d) Capital requirements for operational risk	23,320	35,685
(e) Capital requirements (in terms of risk-weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA approved Australian-owned ADIs only).	0	0
Total Risk Weighted Assets	305,602	314,325

	Capital %	
	30 June 2017	31 March 2017
(f) Common Equity Tier 1	24.55%	23.77%
Tier 1	24.55%	23.77%
Total Capital	25.13%	24.34%

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

IMPAIRMENT OF ASSETS

CREDIT RISK – INVESTMENTS

Surplus cash not invested in loans to members are held in high quality liquid assets (HQLA) or other investments according to Select Encompass Liquidity Policy. This includes the funds required to be held to meet withdrawal of deposits by members.

Select Encompass uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposures, where applicable, using the credit quality assessment scale in APRA prudential Guidance in APS112. The credit quality assessment scale within this standard has been complied with.

The table 4a below excludes equities and securitisation exposures. Securitisation exposures are set out in the table 5 that follows.

The exposure values associated with each credit quality step are as follows in Table 4a.

Table 4a: Credit Risk Investments

30 June 2017						
Investments with banks and other ADI's	Average gross exposure in quarter	Carrying value on Statement of Financial Position	Past due facilities	Impaired facilities	Specific Provision as at end of quarter	Increase in Specific Provision and write-offs in quarter
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CUSCAL – rated A+ Long Term and A-1 Short Term	15,261	15,694	0	0	0	0
ADIs – rated A-2 and above Short Term	0	0	0	0	0	0
ADIs – rated AA- and below Long Term	126,055	116,260	0	0	0	0
Unrated institutions – Credit Unions, Banks and Building Societies	27,376	30,443	0	0	0	0
Total	168,692	162,397	0	0	0	0

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 4a: Credit Risk Investments (Continued)

31 March 2017						
Investments with banks and other ADI's	Average gross exposure in quarter	Carrying value on Statement of Financial Position	Past due facilities	Impaired facilities	Specific Provision as at end of quarter	Increase in Specific Provision and write-offs in quarter
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CUSCAL – rated A+ Long Term and A-1 Short Term	16,122	14,827	0	0	0	0
ADIs – rated A-2 and above Short Term	0	0	0	0	0	0
ADIs – rated AA- and below Long Term	138,321	135,850	0	0	0	0
Unrated institutions – Credit Unions, Banks and Building Societies	29,384	24,310	0	0	0	0
Total	183,827	174,987	0	0	0	0

CREDIT RISK – LOANS

The classes of loans entered into is limited to loans; commitments and other non-market off-balance sheet exposures. Select Encompass does not enter into debt securities; and over-the-counter derivatives.

Impairment details

The level of impaired loans by class of loan is set out below. In the note below:

-) Carrying Value is the amount of the balance sheet gross of provision (net of deferred fees).
-) Past due loans is the 'on balance sheet' loan balances which are behind in repayments past due by 90 days or more but not impaired.
-) Impaired loans are the 'on balance sheet' loan balances which are at risk of not meeting all principle and interest repayments over time.
-) Provision for impairment is the amount of the impairment provision allocated to the class of impaired loans.
-) The losses in the period equate to the additional provisions set aside for impaired loans, and bad debts written off in excess of previous provision allowances.

The impaired loans are generally not secured against residential property. Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value of all collateral as at the balance date due to the variety of assets and their condition. The analysis of Select Encompass loans by class, is shown in Table 4 b.

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

**Table 4 b: Credit Risk
Loans**

30 June 2017							
Loans Portfolio	Gross exposure value- Average for the period	Carrying value on Statement of Financial Position	Commitments (redraws, credit facilities undrawn)	Past Due facilities	Impaired Facilities	Specific Provision as at end of quarter	Increase in specific provision and write-offs in quarter
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mortgage secured	505,635	431,644	86,498	595	0	65	(13)
Personal	11,914	11,324	946	0	64	48	17
Overdrafts & Credit cards	19,698	5,832	13,767	0	56	38	(4)
Corporate borrowers	1,088	960	423	0	0	0	0
Total	538,335	449,760	101,634	595	120	151	0

31 March 2017							
Loans Portfolio	Gross exposure value- Average for the period	Carrying value on Statement of Financial Position	Commitments (redraws, credit facilities undrawn)	Past Due facilities	Impaired Facilities	Specific Provision as at end of quarter	Increase in specific provision and write-offs in quarter
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mortgage secured	477,766	411,914	81,214	588	124	78	16
Personal	11,518	10,565	993	0	44	31	(11)
Overdrafts & Credit cards	19,905	5,966	13,831	0	67	42	(5)
Corporate borrowers	810	417	375	0	0	0	0
Total	509,999	428,862	96,413	588	235	151	0

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

GENERAL RESERVE FOR CREDIT LOSSES

This reserve is set aside to quantify the estimate for potential future losses in loans and investments.

In addition to the above provision for impairment, the Board has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties in the future, and the risk of loss on investments and other assets.

Table 4 c: The general reserve for credit losses

	30 June 2017	31 March 2017
	\$'000	\$'000
General reserve for credit losses	1,778	1,778

SECURITISATION ARRANGEMENTS

Select Encompass had no additional securitisation arrangements during the quarter. The table below states the current value of securitised loans managed by Select Encompass and the amount securitised in the past quarter ended.

Table 5: Securitisation exposures

		30 June 2017		
Securitized Loans	Loans Securitized in current qtr, by type of securitisation	Securitized Loans On and Off balance sheet exposure	Securitized Loans On-balance sheet exposure	Securitized Loans Off-balance sheet exposures
	Total	Aggregate Amount	Aggregate Amount	Aggregate Amount
	\$'000	\$'000	\$'000	\$'000
Mortgage loans	0	87,641	72,241	15,400
Personal loans	0	0	0	0
Credit Cards	0	0	0	0
Total	0	87,641	72,241	15,400

The recognised gain or loss on securitised arrangements entered into in the past quarter is nil.

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Table 5: Securitisation exposures (Continued)

		31 March 2017		
	Loans Securitised in current qtr, by type of securitisation	Securitised Loans On and Off balance sheet exposure	Securitised Loans On-balance sheet exposure	Securitised Loans Off-balance sheet exposures
	Total	Aggregate Amount	Aggregate Amount	Aggregate Amount
	\$'000	\$'000	\$'000	\$'000
Mortgage loans	0	36,392	26,741	9,651
Personal loans	0	0	0	0
Credit Cards	0	0	0	0
Total	0	36,392	26,741	9,651

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

REMUNERATION DISCLOSURES

Qualitative disclosures

Select Encompass has an Executive & Remuneration Committee to oversee the remuneration of the CEO and other executive managers. The CEO has the responsibility for setting the remuneration of other employees. The remuneration of the Board must be approved by the members at the Annual General meeting before being effective.

The Executive & Remuneration Committee comprises :

-)] The Chair – Eric Priestley
-)] The Deputy Chair – Fiona Bennett
-)] The Chair of the Audit Committee – Paul Dunn
-)] The Chair of the Risk Committee – John Cottee

In determining the remuneration of the CEO the committee considered industry survey information supplied by McGuirk Management Consultants.

The management team is divided into:

	Description	2017 Number
Senior managers	Chief Executive, Executive Manager – Finance, Executive Manager – Governance and Operations, Executive Manager – Sales and Lending, Executive Manager – IT and Analytics	5
Risk and management personnel	Executive Manager – Chief Risk Officer	1

The remuneration policy is established to oversee the remuneration of the senior managers with the objective to ensure that remuneration levels are comparable to that of like organisations. The policy is reviewed annually and was last reviewed on 24th May 2017 for an amendment to responsible persons.

The risk and compliance employee is the Executive Manager – Chief Risk Officer. Who is on a fixed salary which is evaluated by the remuneration committee to ensure that the reporting obligations are not compromised by financial incentives.

The policy seeks to ensure that quality employees are employed and retained, and remunerated in accordance with their responsibilities and experience.

The remuneration committee seeks the input from external remuneration consultants and applicable surveys to guide the committee on the appropriate remuneration for the senior management team. The remuneration committee assess the relevant remuneration on a case by case basis to ensure the remuneration reflects the skill and experience of the managers to meet the Board expectations and changes in the business proposed by the strategic plan.

The performance of Select Encompass is impacted by market conditions and by adherence to the policies of Select Encompass, so as to remain with the risk appetite of the Board. Select Encompass does not have a direct link between the performance and remuneration. The remuneration committee takes into account a combination of factors, such as financial performance in the economic environment, compliance with regulatory requirements and the results of member satisfaction surveys, in assessing the performance of the CEO and other senior managers.

There are no specific measures taken to reward longer term performance. Remuneration is based on the salary agreed in consultation with the senior manager. There is no deferred remuneration arranged with the managers other than the employee statutory entitlements and award conditions as amended.

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

REMUNERATION DISCLOSURES (Continued)

A redundancy or termination payment will be negotiated with each employee as required by award conditions and in consultation with the Board of directors.

Various Managers have Remuneration Agreements that entitle them to a payment in the event of redundancy or termination. The payment amount varies based on circumstances. The maximum amount payable for redundancy on termination is equivalent to 24 months remuneration. Payments for statutory entitlements is in addition to this amount. As a consequence of the merger with Select Credit Union 2 managers received a redundancy payment in accordance with their employment agreements. Transfers of business can only be approved by the members of Select Encompass Credit Union Ltd. There are no elements of variable remuneration at Select Encompass that are pre-determined. Any performance bonus arrangements are discussed at the Board level to reward exceptional performance where applicable. In the past year bonus payments paid to senior managers was \$nil.

QUANTITATIVE DISCLOSURES

Table 21: Remuneration disclosure requirements

	2017 \$'000
Number of meetings held by the Executive & Remuneration Committee during the financial year and the remuneration paid to its members.	5 - \$136
The number of employees having received a variable remuneration award during the financial year.	0
Number and total amount of guaranteed bonuses awarded during the financial year.	0
Number and total amount of sign-on awards made during the financial year.	0
Number and total amount of severance payments made during the financial year.	1 - \$62
Total amount of outstanding deferred remuneration (split into cash, shares and share-linked instruments and other forms.)	\$105
Total amount of deferred remuneration paid out in the year	\$722

REMUNERATION DISCLOSURES

Table 21A: Total value of remuneration awards for senior managers

	2017		2016	
	Unrestricted	Deferred	Unrestricted	Deferred
Total value of remuneration awards for the current financial year				
Number of managers	8.33	1	6	2
Fixed remuneration	\$'000	\$'000	\$'000	\$'000
Cash-based	\$1,201	\$105	\$992	\$722
Shares and share-linked instruments	0	0	0	0
Other	\$268	0	\$261	0
Variable remuneration	\$'000	\$'000	\$'000	\$'000



Select Encompass Credit Union Ltd is authorised under the Banking Act to conduct banking business

APS 330 INTERIM FINANCIAL REPORTING June 2017
Public Disclosure requirements for all locally incorporated ADIs - ANNUAL

Cash-based	0	0	0	0
Shares and share-linked instruments	0	0	0	0
Other	0	0	0	0

Material risk-takers

There are no managers, employees or consultants that are substantially remunerated on a commission or incentive basis.