



Queensland Country Bank



ANNUAL REPORT | 23 24

Helping Members live better lives through better financial well-being.

About our front cover

This year we announced a new partnership with Queensland Cricket which is set to strengthen our presence in South-East Queensland and allow Queensland Cricket to continue investing in community cricket across the state. Queensland Country Bank will feature on the front and back of the playing and training shirts for the Brisbane Heat teams in the Weber Women's Big Bash League and KFC Big Bash League for the next three seasons, as well as having major signage and activation rights at all Brisbane Heat home games. Our collaboration is more than just a brand initiative; it's a commitment that, together we're working to ensure that more Queenslanders can experience the stability and prosperity that comes with greater financial wellbeing, enriching lives and strengthening communities.

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FY24 Achievements



Customer-Owned Bank of the Year (WeMoney Awards)



\$797m Total Loans Funded (21% increase)



#1 Net Promoter Score (NPS) in Queensland at 37 (compared with 8 major competitors)



11,280 New Members



\$145,000 Good for Good Community Grants (over \$2.8m since 2005)



Queensland Cricket and Brisbane Heat Partnership



Great Place to Work (2nd year in a row)!



Inaugural Carbon Management Report

Acknowledgment of Country

We respectfully acknowledge the Traditional Custodians of lands across Australia and pay our respects to their Elders past and present. For us, "Country" is a state of mind rather than our geography. It's about being genuine in everything we do; it's about being honest, up-front with Members, and contributing to the sustainability of our communities. Our motif was designed by Luke Duffy, a Kalkadoon Aboriginal digital contemporary artist who draws inspiration from symbols and vibrant colours as he expresses experiences and creates understanding of stories.

Title of the artwork: Warukara Yaunati.

Meaning: Pathway, tracks growing.

Queensland Country Bank Limited

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Chair and CEO report



Lewis Ramsay, Chair and
Aaron Newman, CEO

The conclusion of another financial year provides an opportunity to reflect on the achievements of the organisation and assess how we are delivering financial services to our Members, to help them achieve their financial goals. It's important to reflect on these outcomes in the context of the state of the economic environment and dynamic change taking place in the banking sector.

The last 12 months to the 30th of June 2024 saw considerable economic uncertainty due to persistent high inflation and the Reserve Bank of Australia lifting the Cash Rate to 4.35% during the year. Home affordability has continued to diminish, driven by both cost of living challenges and ongoing increases in property values.

At the same time, we have seen mortgage wars reported in the media as major banks increase their efforts to grow their market share of the home loan market as demand for credit reduced, through more aggressive home loan pricing. All banks have also been lifting their efforts to reduce the risk of cyber crimes through considerable investment in digital systems to improve their resilience and security. Queensland Country Bank has been no different and has made a significant investment in further improving our data security to protect our Member data in this last year.

With this backdrop, Queensland Country Bank has achieved significant progress in its efforts to help our Members achieve home ownership, purchase cars and make investments in their business. Our new loans funded last financial year set a new record for the bank, with total loans funded of \$797 million, which is a 21% increase on the total loans funded the year before, and saw the Bank's total assets increase to \$3.75 billion.

Our efforts to meet our Members' banking needs did not only focus on lending. We have also focused on improving our deposit products and making improvements to our SmartBudget product. We have also continued our strong commitment to communities with many grassroots sponsorships and community grants provided. This approach to supporting local communities continues to resonate with Queenslanders and we saw an additional 11,280 new Members join the bank during the year.

We recognise the value that face to face service provides to Members in our communities and have maintained our 28 branch network across Queensland with intentions of opening a further branch in the Sunshine Coast during the 24-25 financial year. This commitment to face to face service has come at time when other banks in regional communities continue to reduce hours and close branches. There are now a number of regional communities where we are the only bank that opens full time, five days a week. Our ability to continue this branch investment in our communities is testament to the Member-owned model that enables us to reinvest profits into services for Members.

We seek feedback from our Members regarding the service and value we provide on a regular basis, and during the year

we arranged an external company to survey our Members and consumers across Queensland to measure our Net Promoter Score (NPS) and that of our major competitors. Net Promoter Score is a measure used to gauge customer loyalty and satisfaction based on how likely the customer is to recommend the products and the company. Based on this review, I am proud to say our NPS was 37, ranking Queensland Country Bank number 1 in Queensland compared with eight other major competitor banks.

Our approach to business is underpinned by our organisational values which are: Be Genuine, Put People First, Embrace Change and Bring Your Best. This genuine people first approach to business ensures our staff are passionate about what they do and enjoy delivering exceptional service to Members. We care for our staff as we do our Members, and this is reflected in feedback our staff have provided that includes 94% of staff considering Queensland Country Bank, a great place to work.

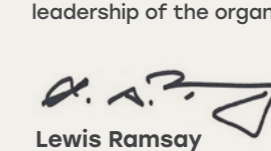
In relation to our key focuses during the next 12 months, we will continue to build a sustainable bank that is considered a leading financial services provider underpinned by passionate and caring staff. Our vision is to be considered Queensland's best regional bank, and we will take important strides to achieving this vision in the new financial year by continuing to grow our loan book and home loan market share in Queensland. Our recently announced principal sponsorship of the Brisbane Heat will assist in our growth in South East Queensland along with a new branch in Maroochydore.

Continuing to develop our digital capability and digital services to Members will be a high priority as we progress our digital transformation, that will enable us to meet our Members' expectations in a more digital world. Delivering improved convenience via our online and mobile banking apps is the growing expectation of most Members and what consumers more broadly expect of us.

We operate in many regional and rural areas where farming and livestock are the lifeblood of communities. We recognise the unique banking requirements of the agricultural sector and will be developing and delivering banking services that will support farmers and graziers in these communities.

The Board of Queensland Country Bank understand their critical role in representing the Members' best interests and ensuring the organisation maintains best practice governance to ensure the appropriate transparency, accountability and company sustainability. The Board continue to upskill Directors to ensure that the right strategy is pursued, and appropriate risk management controls are embedded to deliver positive outcomes for Members and the organisation.

The Board and management recognise and appreciate the continued support of Members and the trust instilled in the leadership of the organisation.


Lewis Ramsay
Chair


Aaron Newman
Chief Executive Officer

Year in Review Highlights

Business Growth



Record Lending

Member-First Model Validated

\$3.75b Total Assets
(3.82% increase)

\$797m Loans Funded
(21% increase)

\$2.71b Total Loans
(14.35% increase)

\$2.92b Total Deposits
(8.84% increase)

Members and Community



Multi Award-Winning

Customer-Owned Bank of the Year!
2024 WeMoney

Best of Banks Winner 2024
ProductReview.com.au



#1 Net Promoter Score (NPS) in Queensland at 37

(compared with 8 major competitors)



Flagship partnership

with Queensland Cricket

Sustainability



\$145,000 in Good for Good Grants

back into Queensland communities
(over \$2.8 million since 2005)



Steps to Sustainable change

Inaugural Carbon Management Report

Operational Efficiency and Innovation



Transition to

Cloud Environment



Cyber Security Enhancements

and New Managed Detection and Response Service



Partnering to Fight Fraud and Scams

Scam-Safe Accords, Australian Financial Crimes Exchange and IDCARE

People, Culture and Engagement



Great Place to Work Certification

2nd year in a row!



50% of Senior Leadership roles held by women



88% staff participation and over \$21,000 donated in Workplace Giving Program

(\$104,000 since 2020)



77% Engagement Rate

Employee Engagement Survey

Members and Community

Key Highlights

- Multi Award-Winning Products and Services
- Customer-Owned Bank of the Year! - 2024 WeMoney Awards (plus awards in 7 categories)
- Awards from Canstar, RateCity, and Mozo
- Best of Banks Winner - 2024 ProductReview.com.au Awards (consistently ranked highly for our transparency and amazing customer service)
- #1 Net Promoter Score (NPS) in Queensland at 37 (compared with 8 major competitors)
- Expanding our South-East Queensland presence

We are putting the caring back into banking

Queensland Country Bank is more than just a financial institution; we're a community built on the shared values of empowering Queenslanders to live better lives through better financial well-being and fostering excellent relationships to bring our best every day to our people, communities, and Members.

Our Member feedback is a testament to our commitment to these values and powers why we love what we do. One thing that consistently stands out is the sheer volume of positive comments that flow through our Member survey platform.

Our level of care, compassion, and genuine commitment to helping Members does not go unnoticed. Our Members value the ability to walk into a branch or pick up the phone and have a genuine, down-to-earth, personalised conversation about their finances.

It's evident that our Members not only want an easy and meaningful interaction but also to speak to someone who can be honest, keep them informed, and walk them through the process, especially when making significant financial decisions.

We are committed to continuing to care for our Members, show compassion and empathy, listen, and not settle for just providing "good service" no matter how they interact with us.



'Firstly, your staff are very pleasant, nothing is a problem they give you the old-fashioned service. I was taught in our town of Ayr where I worked so it's great to see Queensland Country have the same work ethic and politeness it certainly makes my life easier with all the new things happening in this world. Thank you, it's a pleasure, to visit the Ayr Country Bank as they make you feel very comfortable.'

Member of Ayr Branch, in the Shire of Burdekin

'I really like going into the bank where the lovely women always greet me by name and smile. They willingly assist with every task I find too difficult. It seems crucial, to me, that this personal interaction continues. I have even seen them talking to a child for whom family wished to set up an account. That was what happened for me and set up a lifelong, positive, communication process. We need to continue to promote the interactions that are so positive in your bank in Stanthorpe.'

Member of Stanthorpe Branch, in the Southern Downs Region



We are delivering award-winning products and services to our Members

At a time when big banks are cutting services, particularly to regional communities, we are proudly bucking industry trends, adding more accolades to our collection of product and service awards. Demonstrating that the customer-focused approach of putting people ahead of profits is a clear winner.

We have celebrated another slew of award wins this year, including our most exciting yet – Customer-Owned Bank of the Year in the 2024 WeMoney Banking Awards!

But that is not all – we took home seven additional awards in the WeMoney Banking Awards, including Best Flexibility – Home Loans, Best Rewards Credit Card, and Lender of the Year (Customer Owned Bank) – Car Loans, and were finalists in four more categories.

Our Member-first model is validated by continuous awards from multiple independent bodies, including product and service recognition from industry-leading comparison sites Canstar, Mozo, and RateCity. We are also a 2024 Best of Banks Award Winner with ProductReview.com.au.

“Such accolades and recognition demonstrate the success of the Member-first approach, which enables us to reinvest our profits back into our communities rather than paying shareholders.

This means our core focus is about helping our Members achieve their financial goals, which is more important than ever in today's economic climate.”

**Chief Executive Officer,
Aaron Newman**

We are helping Members get into their new homes sooner

Our knowledgeable and friendly staff love helping Members achieve their financial goals and improve their financial well-being. We have supported more Members than ever before with record-level lending and savings accounts opened.

To support this growth, we worked to streamline new loan approvals. We have continued to invest in and implement lending system enhancements and tools, including secure document collection and property valuation portals.

'10/10 Because of great service, staff are easy to deal with and of course their friendliness make us feel at home and secure in every transaction we encounter with all of you. Thank you so much for your wonderful support to us. All the best and more power to QLD COUNTRY BANK!'

Contact Centre Member Feedback, Queensland



Government schemes to support Australians buy their new home continued to make a difference in our communities. We issued 162 loans and over \$58m via a Home Guarantee Scheme to Members this year, including the First Home Guarantee, Regional First Home Buyer Guarantee and the Family Home Guarantee.

'The staff were extremely helpful and friendly. They went above and beyond to help us. My partner is now a Queensland Country Bank Member and to be honest we did check with her bank (Westpac) in which she has had a business account for 25 years and the difference was chalk and cheese. Your staff, went above and beyond and it appeared to be their normal service, but really stood out as exceptional compared to others.'

Member of Cairns City Branch, in Far North Queensland

We are connecting with more Members across Queensland

Queensland Country Bank has become Queensland Cricket's new Principal Partner for three years. This partnership will strengthen our presence in the growing South-East Queensland market, connect us with more Members, and allow Queensland Cricket to continue investing in community cricket across the state.

It is a priority to grow the Queensland Country Bank brand with Queensland Cricket, its fans, and the wider cricket community. Queensland Cricket's flagship Big Bash League team, the Brisbane Heat, will amplify our brand presence, helping to generate new Member interest and strengthen our connections to the community.

"The Brisbane Heat's purpose is to bring families together through fast, fun and entertaining Big Bash action, on and off field, with more than 150,000 fans coming to watch our two teams play in Queensland last summer, plus many millions more on broadcast," Queensland Cricket CEO, Terry Svenson.

"We are delighted that Queensland Country Bank have come on board and have put trust in us to grow their brand. The Brisbane Heat values all our partners, past and present, and has a strong track record of exceeding expectations and delivering our partners' goals."

"Their investment will play a significant role in helping us grow cricket in the community and support our volunteers across Queensland. This is just the beginning of an incredible three years of growth, experiences and opportunities for Queensland Country Bank, the Brisbane Heat and Queensland Cricket," Svenson said.

Queensland Country Bank staff and Members alike have been excited to step onto the pitch with the Brisbane Heat.

"We have a strong focus on supporting communities, which aligns perfectly with Queensland Cricket, a not-for-profit association supporting grassroots cricket across the state."

"Together, we're extending beyond the cricket pitch, and we can't wait to share how our Members can become even greater fans of the Heat and be part of their seasons ahead," – Queensland Country Bank CEO, Aaron Newman.



**Queensland
Country Bank**



**BRISBANE
HEAT**



We support Queensland families when they are far from home and need it most

We take great pride in our enduring partnership with Ronald McDonald House Charities North Australia. We support their impactful programs, which provide essential care and resources for families navigating childhood illness and injury.

Our commitment is tangible across our Queensland network, from our staff volunteering with the RMHC Hospitality Cart in Mount Isa to cooking meals for families staying at Ronald McDonald House in Townsville to fundraising initiatives led by our branch and administration teams. Together, we recognise the profound significance of community support for families during their most challenging times.

We are proud to stand alongside the dedicated staff and volunteers at RMHC North Australia. Their unwavering compassion embodies the community spirit and aligns with our values of Be Genuine, Put People First, Embrace Change, and Bring Your Best.

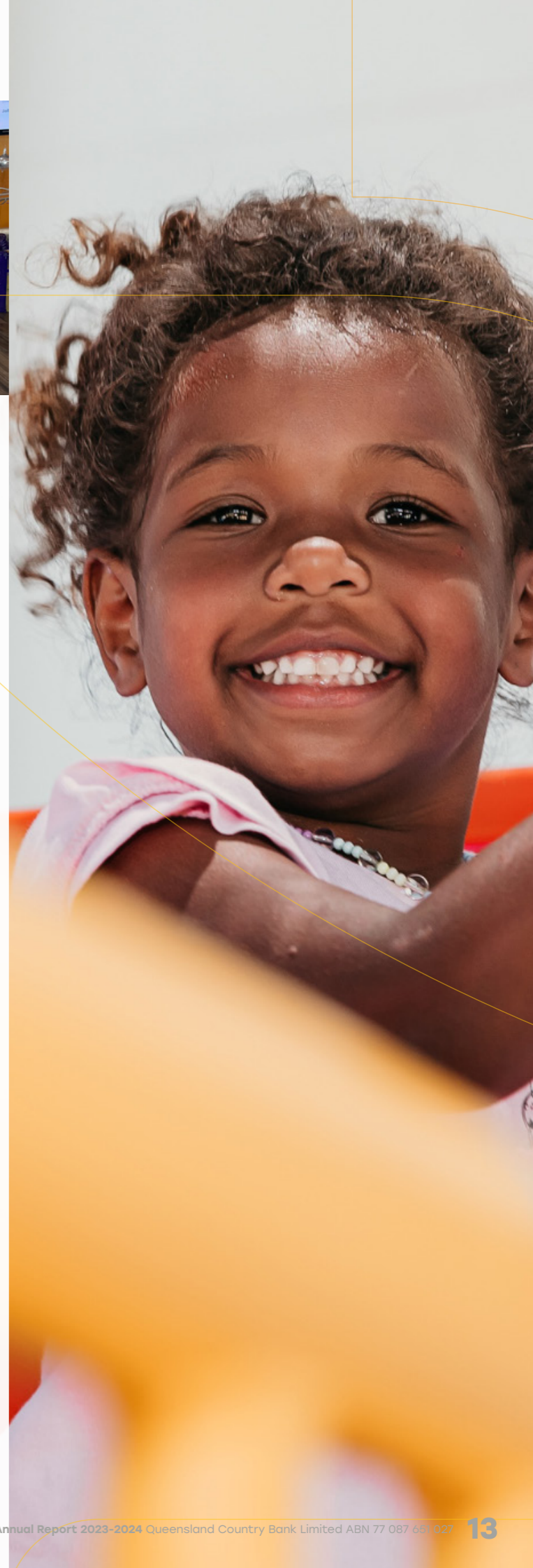
Our partnership aims to make a lasting positive impact on the lives of seriously ill children and their families across Queensland - helping to keep families together when they need each other most.

“Queensland Country Bank’s unwavering commitment to Ronald McDonald House Charities (RMHC) North Australia, and our local community, is exemplary of the values and authenticity that Queensland Country Bank embody in all aspects of their operations. Queensland Country Bank’s ‘people first’ approach is instilled in their staff and culture, extending well beyond their banking operations into our community via their extensive support for local charities and sporting clubs.

The Queensland Country Bank Board, management and staff are committed to their support for RMHC North Australia and play a tangible role to practically and proactively be a part of the life changing work their generosity delivers across the region. RMHC North Australia is incredibly proud of and grateful for the extraordinary partnership that we have formed with Queensland Country Bank.

We have the greatest confidence in aligning our brand and mission with one of Queensland’s most trusted and reputable organisations. We are incredibly fortunate to partner with Queensland Country Bank and look forward to continuing to work alongside them and our joint vision to keep sick and injured children and their families together when they need each other most.”

Sarah Jones,
RMHC North Australia
Community Engagement Manager





Understanding our impact to create lasting change

This year, we have strongly focused on building organisational capability to meet our future reporting obligations, further developing our internal policies and governance, and publishing our inaugural Carbon Management Report.

Involving our staff on sustainability matters is critical to enact lasting change, and we are committed to setting goals and achieving outcomes through their consultation and engagement. We're all in this together.

Sustainability

Key Highlights

- Inaugural Carbon Management Report
- \$145,000 in Good for Good Community Grants back into Queensland communities (over \$2.8 million since 2005)
- 1,218 hours of volunteering as part of our workplace funded community volunteering program

Commitment to sustainability and treating the environment with respect

As an organisation, we are taking important and necessary steps to reduce our impact on our planet. This includes measuring and working to set credible science-based carbon reduction targets, reducing our physical impact on ecosystems, and supporting our Members and communities.

Queensland Country Bank is evolving its business to help manage the effects of climate change and support the measured transition to a low-carbon economy. Critically, we are doing this whilst being mindful of the challenges and opportunities of Members, and the potential impacts on the communities where many Queenslanders are employed in mining and agricultural industries.

Our initial focus is reducing our greenhouse gas emissions and becoming a more efficient and less resource-consuming organisation; our key objectives are:

Developing an understanding and management of, environmental risks and opportunities.	Developing products and services to help Members respond to environmental challenges.	Leading through action and reducing Queensland Country Bank's own greenhouse gas emissions.	Engaging and assisting our staff in their personal contribution to environmental sustainability.
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Sustainability Statement

Queensland Country Bank is committed to being environmentally and socially responsible and recognises that people are at the heart of everything we do.

We commit to:

- Treating all people, communities and the environment with care and respect,
- Contributing to building a sustainable environment and resilient communities for future generations and
- Holding ourselves accountable to high ethical standards.



Our communities, our Queensland Country lifeblood

Our annual Good for Good grants program continues to make a real difference in communities across Queensland. Since 2005, we have contributed over \$2.8 million support to local projects from Mount Isa to Mooloolaba, and Brisbane to Birdsville.

This year, we supported 12 community groups from as far north as Cairns, west to Mount Isa, and south to Brisbane and Ipswich. Each recipient shared in a total of \$145,000 in funding to support the delivery of projects to help benefit their community across health, sport and recreation, education, environment, and arts and culture.

For small community groups who rely on volunteers and fundraising to achieve their bigger goals, the Good for Good Grants provide welcome relief. With the cost of living remaining a significant hurdle for so many communities, there is increasing pressure on not-for-profits, especially in regional areas.

The 12 recipients included:

- **Queensland Youth Services Inc in Mount Isa** to build and run a Youth Shed for training and wellbeing.
- **Cairns BMX Club Inc** for an extension to the track.
- **Burdekin Singers & Theatre Co** to cool their rehearsal and performance premises.
- **Saint Andrews Meals on Wheels Lower Burdekin Committee** for new kitchen benches to prepare meals and eskies for transportation.
- **QCWA Bowen Branch** for external blinds on their community centre.
- **Road Accident Action Group in Mackay** to deliver increased road safety messaging over Christmas and Easter.
- **Proserpine Youth Club Inc.** to furnish the youth space and activities room after it was destroyed by TC Debbie in 2017.
- **Capricornia Catchments Inc.** to access the recycling machinery needed for work in the environmental sector.
- **Althea Projects Inc.** in Townsville to purchase safety and sensory equipment for children in residential care.
- **Equipping for Life Limited in Brisbane** to purchase a storage trailer for youth programs.
- **Days for Girls Australia Ipswich Team** to purchase and create needed personal hygiene products.
- **SevGen Indigenous Corporation** on the Sunshine Coast to create events hubs for environmental programs.

Queensland Youth Services was one of the Good for Good recipients this year, receiving \$28,390 to construct a 'Youth Shed' in Mount Isa to create a safe and engaging space for young people.

Queensland Youth Services CEO Wendy Lang said the organisation was overjoyed to receive the Good for Good Grant, which will go a long way toward helping the Mount Isa community.

"We are thankful for the opportunity to apply for the Good for Good grant. Our Mount Isa office works with youth who are transitioning from child safety and at risk of homelessness, disengaged from school, or at risk of offending behaviours.

"Similar to the concept of a Men's Shed, we wanted to create a space where young people can engage in cultural knowledge or learn basic carpentry skills to enhance self-esteem and cultural identity and provide positive and meaningful activities for youth to engage in," said Ms Lang.

Ms. Lang believes the Youth Shed will serve as another opportunity for youth intervention in the Mount Isa community. When combined with other services, this could help reduce the crime rate and improve the safety of all residents.

"We were very glad to receive applications from community groups in Mount Isa, as it holds a special place in our hearts. As many know, we first started in Mount Isa, and with it being the 100th anniversary of the town just last year, it's really special to be able to help an organisation deliver a project that will benefit many young people in the area," said Queensland Country Bank CEO Aaron Newman.

Meaningful action towards Reconciliation

We aim to contribute meaningfully to reconciliation in Queensland, guided by our Reconciliation Action Plan, to raise awareness, appreciation, and respect for First Nations people within our organisation and communities.

Working with not-for-profit foundations Clontarf and Stars, we are committed to helping young Aboriginal and Torres Strait Islander men and women finish school and traineeships and enter the workforce through education, confidence, and life skills.

Our relationship with these two groups has been mutually beneficial. We have delivered financial literacy and recruitment information sessions, community volunteering for staff, work experience opportunities, and recruitment opportunities for full-time trainees.

Operational Efficiency and Innovation

Key Highlights

- Transition to Cloud Environment
- Uplift in Hardware and Physical Devices
- Cyber Security Enhancements and New Managed Detection and Response Service
- Supporting Growth in Digital Wallet Transactions
- Partnering to Fight Fraud and Scams - Scam-Safe Accords, Australian Financial Crimes Exchange and IDCARE

We are investing in digital advancements to enhance our Members' banking experience

This year, we invested in transitioning to a Cloud environment, which involved an uplift in all hardware and physical devices across our network. As part of this project, we implemented a new managed detection and response service to enhance a holistic view of our digital environment and provide a greater ability to detect potential threats. This increased our cyber security resilience and helps continue to protect our infrastructure and Members.

The enhanced security and flexibility provided through this project will set us up for the future, giving longer-term benefits to our Members by improving their banking experience and supporting further system developments to expand our capability in processing lending applications.



We are supporting Members in paying how they want to when they want to

We have seen sustained growth in the use of real-time payments via the New Payments Platform and digital wallet transactions, and we continue to work with our payments partner, Cuscal, to help our Members make their everyday payments their way.

Working to help safeguard Members from fraud and scams

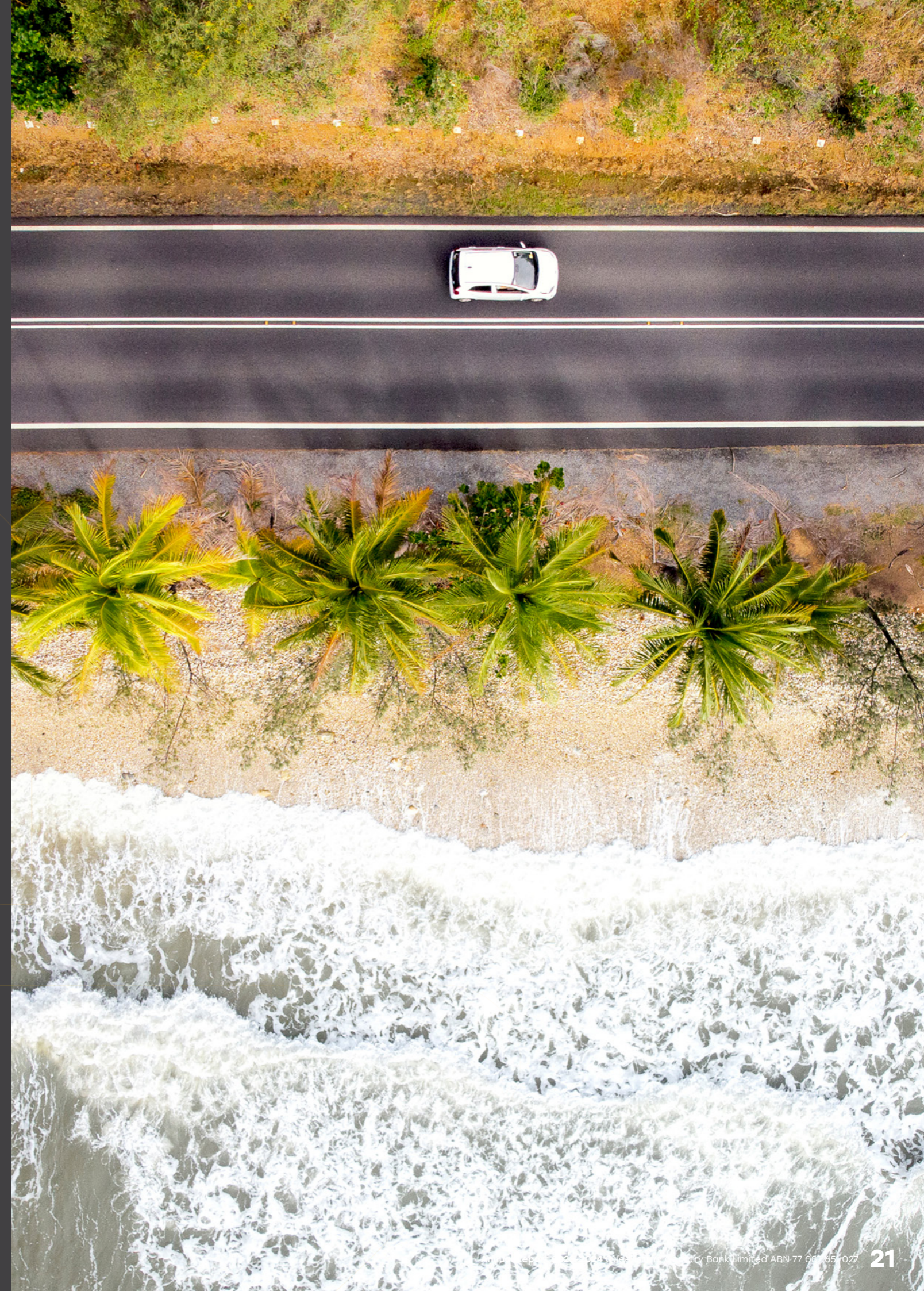
Our resolute fraud team constantly works to support our Members who are impacted by fraud and scams. They keep us at the forefront of industry trends by implementing protection enhancements that help flag suspect transactions and reduce Members' losses.

To help our Members fight this scourge of criminal activity, we have adopted the Scam-Safe Accords, joined the Australian Financial Crimes Exchange, implemented tighter Crypto Transaction controls, and joined as a subscriber of IDCARE.

IDCARE is Australia and New Zealand's national identity and cyber not-for-profit support service that helps address a critical support gap for individuals confronting identity and cyber security concerns.

Queensland Country Bank is now a registered subscriber of IDCARE, supporting their important and meaningful work and enabling our Members to access their specialist services when they need them most—at no cost.

As a subscriber, if our Members have been impacted by fraud, and, in particular, identity takeover, IDCARE Identity & Cyber Security Case Managers will be assigned to assist them with restoring and protecting their credentials with key service providers and, if required, cleansing compromised personal devices to prevent repeated unauthorised access.



People, Culture and Engagement

Key Highlights

- Great Place to Work Certification – 2nd year in a row!
- 94% of Staff consider Queensland Country Bank, a great place to work
- 88% of staff participate in the Workplace Giving Program and over \$21,000 donated (\$104,000 since 2020)
- 77% Engagement Rate – Staff Engagement Survey
- Women hold 42.8% of Board positions and 50% of Senior Leadership roles

“I believe that happy employees create happy Members, and we strive to ensure our workplace is focused on being a supportive and friendly atmosphere. This in turn makes it a great place to work, whereby we are building lasting relationships.”

Bill Paton,
Mackay Region Area Manager

Our Members love our people, and we do too

Our Members are the heart of everything we do, and to get the best outcome for our Members, we know our staff must be passionate, engaged, and caring, and so, as an organisation, we pride ourselves on living our values to provide the support and environment to attract and retain the best talent.

We invest in creating a culture that prioritises our people’s well-being, professional development, and a strong sense of purpose and belonging so that Queensland Country Bank is not only a Great Place to Work but also a fun and fulfilling workplace.

Positively contributing to the lives of those around us is part of who our people are. Through our Community Volunteer Program, our staff receive two days of paid leave annually to volunteer in their local area, supporting them in giving back to those not-for-profit organisations close to their hearts.

Our people live by the following values:

- **Be Genuine:** We pride ourselves on our authenticity. Our honest, friendly approach helps our Members achieve their financial goals with care and concern embedded throughout our organisation.
- **Put People First:** Members and staff are at the core of our mission. We strive to help Queenslanders live better lives through improved finances and are committed to giving back to the communities that support us.
- **Embrace Change:** We view change as an essential part of growth. By continually evolving to meet the needs of our Members and communities, we turn change into opportunities for remarkable achievements.
- **Bring Your Best:** Our dedicated people are critical to delivering exceptional banking experiences. We invest in their development, ensuring they bring their best to work every day, ensuring our Members receive the high level of service they deserve.

Through these values, we foster a supportive environment for our Members and staff and continually strive to impact the communities we serve positively.

Sponsorship and Marketing Support Officer Daniel Pollock said one of our fundamental values resonated strongly with him. **“We have a positive, people-orientated culture where I feel valued and encouraged to “bring my best” every day.”**



Head of Member Experience, Matthew Wilshire, said,

“I am extremely proud to work for Queensland Country, an organisation that truly cares for its Members and staff. I thoroughly enjoy coming to work every day and knew from my initial interview that I had to be part of Queensland Country.”

Working at Queensland Country Bank... everything I ever imagined!

Our commitment to engagement and development is evident in our comprehensive training programs, flexible work options, and robust internal communication strategies. We lead by example, ensuring our staff are well-supported and motivated.

We have an award-winning culture, and our staff make Queensland Country Bank a Great Place to Work. They go above and beyond for our Members, make new staff feel welcome and supported, and live by our company values of Be Genuine, Put People First, Embrace Change, and Bring Your Best.



Commitment to Diversity, Equity, and Inclusion

We are committed to equal opportunities for all our people and to fostering a safe and respectful environment, free from discrimination. We are proud that our workforce reflects the diverse communities we serve and promotes behaviours aligned with our values.

We go beyond simply offering opportunities, ensuring we act on them fairly and have a leadership team that reflects the makeup of our workforce, allowing them to understand and celebrate our differences.

This commitment is evident in our longstanding tradition of strong female leadership. We're proud of our Board, where 3 out of 7 Directors are women, our executive team boasts 3 long-serving female leaders out of 8, and our workforce itself is predominantly female in a traditionally male-dominated industry.

Moments that Matter

This year, we launched a new leave initiative called "Moments that Matter" which is specifically designed to support our frontline branch staff in attending important personal events and milestones during regular business hours.

These events had previously been more challenging for them to attend due to the nature of their Member-facing responsibilities in the branch.

This leave helps create a better work-life balance for our important Member-serving staff by ensuring they can turn up for moments that matter in their personal lives.

Celebrating our Branch and Teams of the Year for 2024

One of our engagement initiatives is our annual awards and recognition program, which celebrates our highest-performing frontline teams and the administration teams that support them.

- 
Branch of the Year
 - 1st – Stanthorpe
 - 2nd – Caneland (Mackay)
 - 3rd – Cairns City
- 
Retail Teams of the Year
 - 1st – Business Banking
 - 2nd – Online Team
- 
Support Teams of the year
 - 1st – Branch Operations and Facilities
 - 2nd – Information and Communications Technology
 - 3rd – Finance and Payroll



Bank financial highlights



Queensland Country Bank Board Directors:
Patricia O'Callaghan, Karen Read, John Weier, Greg Nucifora, Lewis Ramsay, Karl Grant, Aileen Cull.

Net Assets

2024	2023
\$354.5M	\$350.3M

1.21% growth

Total Assets

2024	2023
\$3.75B	\$3.61B

3.82% growth

Gross Loan Balances

2024	2023
\$2.71B	\$2.37B

14.35% growth

Total Deposits

2024	2023
\$2.92B	\$2.69B

8.84% growth

Capital Adequacy

2024	2023
23.45%	24.50%

1.05% decrease

Profit Before Tax

2024	2023
\$6.8M	\$200.6M

193.8m decrease

Profit After Tax

2024	2023
\$4.2M	\$149.8M

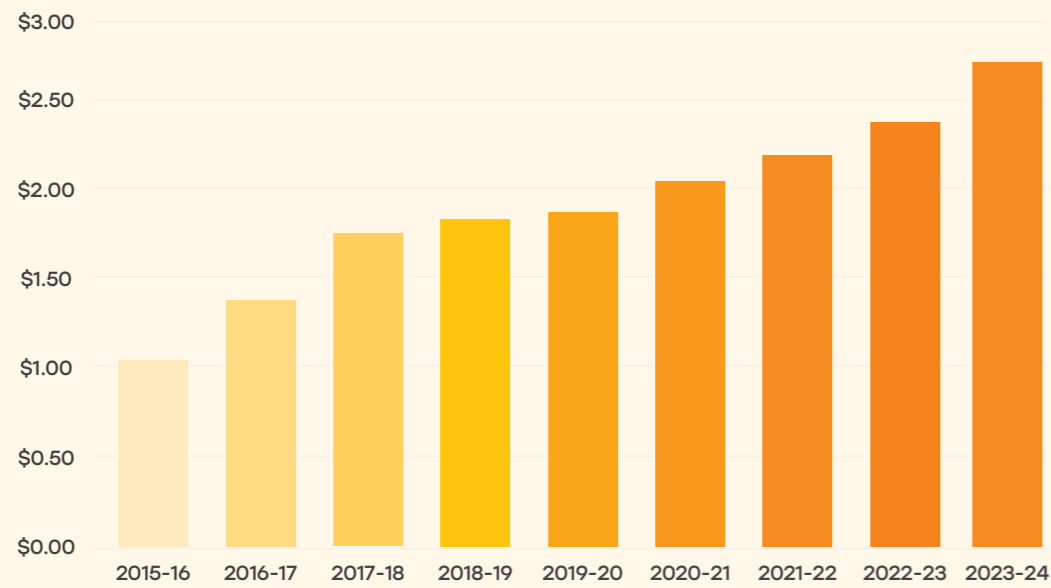
145.5m decrease



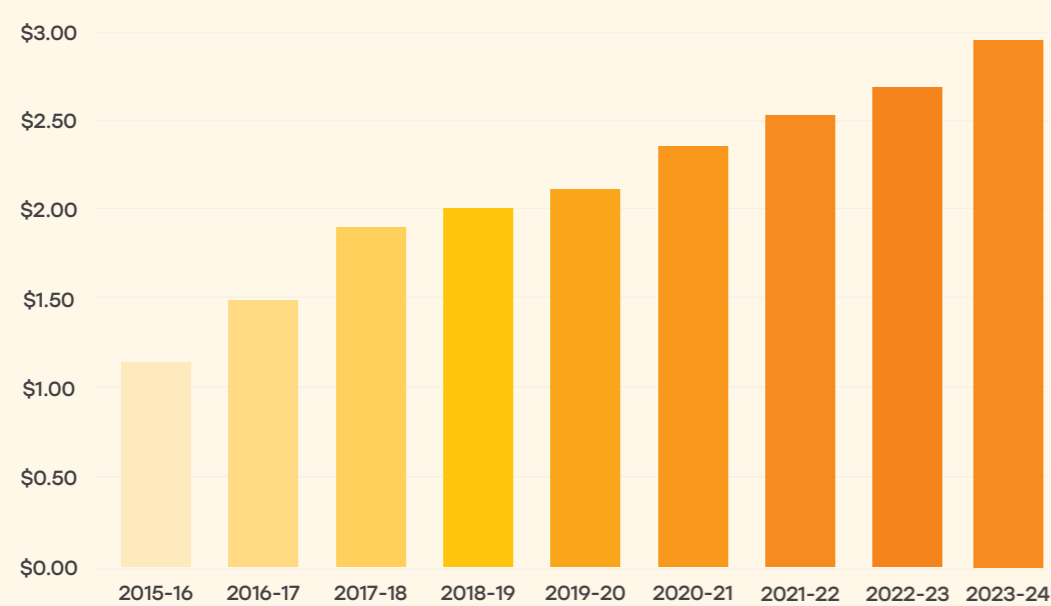
Queensland Country Bank



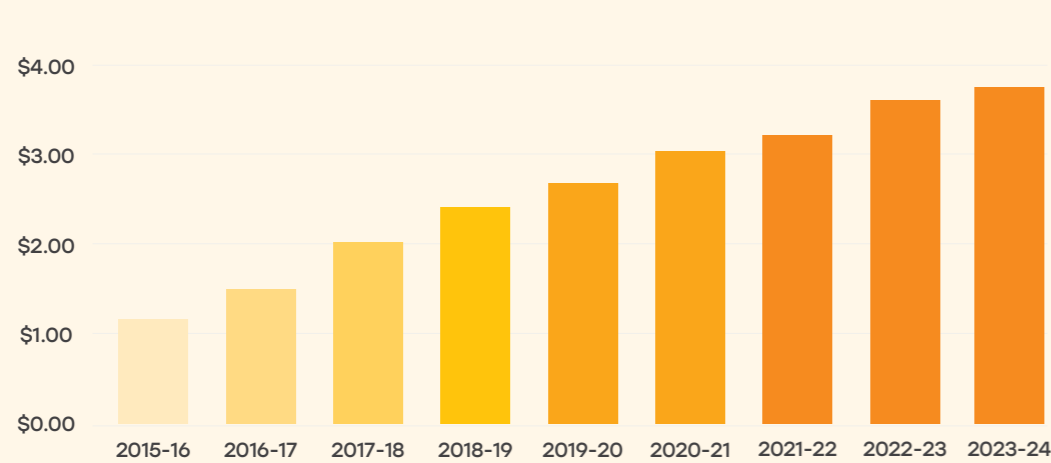
Total Loans (\$billion)



Total Deposits (\$billion)



Total Assets (\$billion)



Profit and Loss

at a glance

The 2023–24 Financial Year

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Interest Income	\$192,375	\$139,772	\$171,225	\$121,678
Interest Expense	\$-123,337	\$-77,759	\$-96,901	\$-53,898
Net Interest Income	\$69,038	\$62,013	\$74,324	\$67,780
Other Income	\$19,835	\$69,872	\$14,549	\$13,365
Disposal of Investment in subsidiaries	\$451	\$158,931	-	-
Impairment Recovery	\$28	\$185	\$28	\$185
Operating Expenses	\$-82,567	\$-90,374	\$-81,886	\$-71,868
Profit before income tax	\$6,785	\$200,627	\$7,015	9,462
Income Tax Expense	\$-2,104	\$-51,650	\$-2,184	\$-4,165
Net profit after tax from continuing operations	\$4,681	\$148,977	\$4,831	\$5,297
Net profit after tax from discontinued operations	-	-	\$316	\$47,545
Net profit for the year	\$4,681	\$148,977	\$5,147	\$52,842
Other comprehensive income after tax	\$-433	\$814	\$-433	\$814
Profit after tax	\$4,248	\$149,791	\$4,714	\$53,656

	Bank			
	2023/2024	2022/2023	2021/2022	2020/2021
Net Interest Income	\$69.0m	\$62.0m	\$56.2m	\$52.3m
Profit (after tax)	\$4.2m	\$149.8m	\$12.0m	\$7.9m

Profit and Loss commentary

Operating Profit

The Bank saw an expected significant decrease to net profit this year, following the extraordinary year in 2023 with the sale of its subsidiary, Queensland Country Health Fund. Net Profit before income tax for the year was \$6.8m. The business continues to build on its financial strength, invest in its future and put our Members' needs first.

Interest Margin

Net interest margin finished the 12 months at 2.11%, an increase from the prior year of 2.03%. There was just the one increase in official cash rate this year from 4.10% to 4.35% in November 2023. Finding the balance between the interests of borrowers and depositors can be challenging, and managing interest margin is always a focus. We endeavour to offer market competitive rates for all our Members and are pleased with the results we have been able to achieve this year.

Other Income

Other income for the Bank decreased from \$69.9 million to \$19.8 million, last year including income from the Health Fund by way of Dividend and Management Fee of \$50.6m.

Operating Expenses

Operating Expenses for the Bank, decreased from \$90.4 million to \$82.6 million. Decreases were mostly a result of savings in Employee and Operating costs due to the sale of the Health Fund. Information technology costs increased this year, as we continue to invest in our digital transformation. These technology investments will allow the business to implement more efficient business processes and introduce new products and services, particularly in the digital space.

Impairment Costs/Recovery on Loans

Impairment was a recovery again this year, the amount decreasing from \$185,000 to \$28,000. Record low arrears rates demonstrate the quality of the underlying loan portfolio and has meant the continued write back of provision for doubtful debts.

Balance Sheet at a glance

The 2023–24 Financial Year

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash and Investments	\$977,518	\$1,180,292	\$537,969	\$725,755
Property, plant and equipment	\$41,967	\$43,423	\$35,171	\$35,946
Loans to Members (net of provision)	\$2,721,615	\$2,377,785	\$2,721,615	\$2,377,785
Other assets	\$10,426	\$11,869	\$8,532	\$9,599
Total Assets	\$3,751,526	\$3,613,369	\$3,303,287	\$3,149,085
Deposits from Members	\$2,924,789	\$2,687,225	\$2,924,789	\$2,687,225
Borrowings	\$441,178	\$503,015	-	\$46,300
Payables and Provisions	\$31,039	\$72,857	\$31,079	\$72,855
Total Liabilities	\$3,397,006	\$3,263,097	\$2,955,868	\$2,806,380
Net Assets	\$354,520	\$350,272	\$347,419	\$342,705

	Bank			
	2023/2024	2022/2023	2021/2022	2020/2021
Gross Loans to Members	\$2,711m	\$2,370.8m	\$2,191.8m	\$2,048.7m
Deposits from Members	\$2,924.8m	\$2,687.2m	\$2,531.8m	\$2,351.6m
Total Assets	\$3,751.5m	\$3,613.3m	\$3,241.6m	\$3,031.5m
Net Assets	\$354.5m	\$350.3m	\$200.5m	\$188.5m
Capital Adequacy	23.45%	24.50%	15.30%	15.33%

Balance Sheet commentary

The Total Assets for the Bank increased by 3.82% to \$3.75 billion, which included a downsize of our internal securitisation program of \$100 million. Excluding this downsize assets would have increased by 6.59%.

Another record lending year for the business resulted in Total loans growing by 14.35% to \$2.71 billion. This strong growth for the Bank was a pleasing result, contributing to our strategy of building a larger, stronger organisation.

Queensland Country Bank's funding is sourced primarily from Members. At the end of the year approximately 99% of deposits were from Members, and 1% from Wholesale deposits from other financial institutions. The RBA Term Funding Facility of \$46m was paid back in full by the end of the financial year. Deposits increased by 8.84% from \$2.7 billion to \$2.92 billion during the year.

Total Equity for the Bank increased by \$4.2 million to \$354.5 million.

With continued high levels of Member deposits, liquidity levels remained well above prudential requirements, averaging 17.57% of adjusted liabilities and finishing at 15.99% at 30 June 2024. The Bank continues to have access to an Internal Securitisation Trust, a facility established to be used as an emergency liquidity backstop. This year, following prudential requirement changes, we were able to decrease this facility from \$550 million to \$450 million. This arrangement enables the Bank to raise funds from the RBA utilising its loans and advances as the underlying security.

Queensland Country Bank's capital, which is comprised of reserves that have been accumulated from past profits and a business combination reserve (being the reserves of previous merged entities), increased to \$354.5 million. Total capital adequacy percentage was 23.45%. This percentage is well above the regulator's minimum requirements and provides sufficient capital resources to support the Bank's strategy of growth and digital investment, while providing a strong buffer for the future.

Directors' report 2023-24

Your Directors present their report on the affairs of the Group for the financial year ended 30 June 2024. The Parent Entity is a company registered under the Corporations Act 2001.



Lewis Ramsay B Bus (Com); MBA; GAICD
Chair (since 23 November 2023) and Independent Non-Executive Director
Term of office: Appointed 1 February 2020
Skills & Experience: A fifth-generation Townsville resident, Lewis is a former General Manager of the Townsville Bulletin and surrounding regional newspapers. Lewis has also worked for the Federal Government in Canberra (Tourism portfolio), served as the Commercial Manager for the North Queensland Cowboys and the Brisbane Broncos Rugby League Clubs, and spent nearly two years as Director, Commercial of Brisbane Marketing (Brisbane's Office of Economic Development.) Over the past 15 years he has held Director positions on a range of local boards and committees including Queensland Country Health Fund Ltd, Mater Health NQ, the Townsville Water Security Taskforce and as Chair of the Townsville City Deal Stakeholder Reference Group. Lewis currently holds a non-executive Directorship with the North Queensland Cowboys where he has sat as the current Board Chair since 2020.



John Weier Dip FS; GAICD; FAMI
Deputy Chair (since 23 November 2023) and Independent Non-Executive Director
Term of office: Appointed 1 April 2018
Skills & Experience: John is an Ipswich local who began his career in the credit union industry at the Coal Miners Credit Union (later Discovery Credit Union) in 1980, before being appointed General Manager in 1981 and holding that position for 27 years. Discovery Credit Union merged with Queenslanders Credit Union in December 2007, and John led Queenslanders Credit Union as Chief Executive Officer from January 2008 until the merger of that organisation with Queensland Country Credit Union in April 2018. John remains actively involved in the Ipswich area through his membership of various sporting and community groups.



Gregory (Greg) Nucifora B Com; CA; FAICD
Independent Non-Executive Director
Term of office: Appointed 1 April 2017
Skills & Experience: Greg is a private client advisor with Bell Potter Securities in Cairns. Greg has extensive Board experience, including current appointments as Director on the Board of the Australian Reinsurance Pool Corporation, Director and Finance & Performance Committee Chair of the Cairns and Hinterland Hospital and Health Board, Chair of St Michael's Parish Finance Committee, Gordonvale, Chair of the Catholic Development Fund for the Diocese of Cairns, and Chair of the Finance and Audit Risk Management Committee for Tourism Tropical North Queensland. Greg was formerly Chair of ECU Australia Ltd, which merged with Queensland Country Credit Union in April 2017, and formerly Deputy Chair of Queensland Country Health Fund Ltd.

Directors' report 2023-24



Patricia O'Callaghan B Com; GAICD
Independent Non-Executive Director
Term of office: Appointed 1 November 2015
Skills & Experience: Patricia is the Chief Executive Officer of Tourism and Events Queensland. Patricia's diverse career includes four years heading up the Mount Isa Chamber of Commerce, four years as the General Manager of Tourism and Events at Townsville Enterprise, and five years as the CEO of Townsville Enterprise. Patricia has been awarded during her career the Young Manager of the Year through the Australian Institute of Management and the Australian Financial Review Young BOSS Executive of the Year and is a graduate of the Australian-American Young Leadership Dialogue. Patricia was previously a Director of Queensland Country Health Fund Ltd.



Karen Read B Bus; FCPA; GAICD; MAMI
Independent Non-Executive Director (Deputy Chair from 6 April 2006 – 31 March 2018, and from 1 April 2020 – 1 July 2020)
Term of office: Appointed 15 April 2005
Skills & Experience: Karen is a senior finance and commercial executive and has extensive experience within the mining and resources sector with a career spanning 30 years. From 2014 to 2017, Karen was employed as the Chief Financial Officer for Premise, a consulting, engineering, and project practice. Karen has extensive Board experience including the following current positions: Director of Mount Isa Water, Director of Queensland Country Health Fund Pty Ltd, Director of Wesley Research Institute, Director of Isa Rodeo Limited, Member of the Copperstring 2032 Regional Reference Group, and Deputy Chair of the NQ Branch Council of CPA Australia.



Aileen Cull FCPA; GAICD; Diploma of Business (Accounting); Graduate Diploma Applied Finance
Independent Non-Executive Director
Term of office: Appointed 23 November 2023
Skills & Experience: Aileen has held a variety of roles at Queensland Country Bank, including 10 years as Chief Executive Officer. Since 2019 Aileen has worked part-time in a small manufacturing business and is currently Chair of Ronald McDonald House North Australia. Aileen brings to the Board a detailed knowledge and appreciation of the history of Queensland Country, and strong relationships with key stakeholders across Queensland and within Australia.



Karl Grant MBA; GAICD
Independent Non-Executive Director
Term of office: Appointed 23 March 2023
Skills & Experience: Karl is an experienced Executive and Director with a background in technology and cyber security. Karl was previously the CEO of one of Queensland Country Bank's primary technology providers, Data Action Pty Ltd, and a Director of a key digital supplier, Fusion Enterprise Pty Ltd. Prior to this, Karl spent nearly two decades at the US multi-national company, HP (Hewlett Packard), in various national and international roles across many sectors, including Banking and Financial Services.

Directors' report 2023-24

Christine Flynn BA; DipED; FAICD: MAMI

Chair (1 April 2020 to 22 November 2023) and Independent Non-Executive Director

Term of office: 1 April 2018 – 22 November 2023

The name of the Company Secretaries in office at the end of the year are:

Louise Corica and Aaron Newman.

Committee Memberships

Until 14 December 2023

Audit: Greg Nucifora (Chair), Patricia O'Callaghan, John Weier (from 23 May 2023).

Remuneration and Governance: Christine Flynn (Chair), Patricia O'Callaghan, Lewis Ramsay, Karen Read.

Risk Management: John Weier (Chair), Christine Flynn, Lewis Ramsay, Karen Read.

Strategic Projects and ICT: Karen Read (Chair), Greg Nucifora, John Weier, Karl Grant (from 19 June 2023).

Merger Strategy: Greg Nucifora (Chair), Karen Read, John Weier.

Nominations: Patricia O'Callaghan (Chair), Sean Kelly (Independent Representative), Stephen Howell (Independent Representative).

From 15 December 2023

Audit: Karen Read (Chair), Greg Nucifora (Deputy Chair), John Weier, Aileen Cull.

Remuneration and Governance: Lewis Ramsay (Chair), Patricia O'Callaghan, Karen Read, John Weier.

Risk Management: John Weier (Chair), Greg Nucifora, Karl Grant, Aileen Cull.

Strategic Projects and ICT: Karl Grant (Chair), Karen Read, Patricia O'Callaghan.

Merger Strategy: Greg Nucifora (Chair), Lewis Ramsay, Karl Grant.

Nominations: Patricia O'Callaghan (Chair), Sean Kelly (Independent Representative), Stephen Howell (Independent Representative).

Directors' Meeting Attendance

The table below shows the attendance record for the number of meetings Board members were eligible to attend.

	Board		Audit	Remuneration and Governance	Risk Management	Strategic Projects and ICT	Merger Strategy	Nominations
No. of Meetings held	14		4	3	4	3	2	1
Christine Flynn	6/6	COMMITTEES		2/2	2/2		1/1	
Lewis Ramsay	13/13			3/3	2/2		1/1	
Karen Read	13/14		2/2	3/3	1/2	3/3	1/1	
Greg Nucifora	13/14		3/4		2/2	1/1	2/2	
Patricia O'Callaghan	12/14		2/2	3/3		2/2		1/1
John Weier	14/14		4/4	1/1	4/4	1/1	1/1	
Karl Grant	14/14				2/2	3/3	1/1	
Aileen Cull	7/7		2/2		2/2			

Directors' report 2023-24

Directors' Benefits

No Director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by the Group, a subsidiary, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest.

Indemnification of Officers or Auditor

The Company has agreed to indemnify the following current Directors of the Company: L Ramsay, J Weier, G Nucifora, P O'Callaghan, K Read, K Grant, and A Cull, the Company Secretary and all executive officers of the Company and of any related body corporate, against any liability that may arise from their positions within the Company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability indemnified. The Company has paid premiums in respect of Directors' and Officers' liability insurance during the financial year. The contract of insurance does not include details of premiums paid in respect of individual officers of the Company and prohibits disclosure of the amount of the premium paid. Except as noted above, the Company has not, during or since the Financial Year, indemnified or agreed to indemnify an officer or auditor of the Company, or of any related entity, against a liability incurred in their capacity as an officer or auditor.

Principal Activities

The principal activities of the Group during the year were the provision of financial services to Members in the form of lending and taking deposits, as prescribed by the Constitution.

Operating Results

The net profit of the Group for the year after providing for income tax was \$4,714,000 (2023: \$53,656,000).

Options

No options over unissued shares or interests in the Parent Entity or a controlled entity 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.

Review of Operations

The results of the Bank's operations from its activities of providing financial services to its Members, decreased from those of the previous year from \$149,791,000 to \$4,248,000. Last year included a gain on sale of \$158,931,000 from the sale of the Health Fund. Net operating income decreased from \$131,885,000 to \$88,873,000 with the decrease attributable to income received from the Health Fund last year. Operating expenses decreased from \$90,374,000 to \$82,567,000 resulting mainly from removal of operating costs relating to the Health Fund, mostly salaries and wages.

Total Assets of the Bank increased by 3.82%, total loans increased by 14.35% and investments decreased by 16.38%.

Capital Management

The capital adequacy ratio measured for prudential purposes as at reporting date decreased to 23.45% (2023: 24.50%), the decrease attributable to the strong loan growth for the year.

The Australian Prudential Regulatory Authority (APRA) sets and monitors capital requirements for the Bank under Australian Prudential Standard (APS) 110 Capital Adequacy. Under the Standard the Bank must maintain minimum levels of Tier 1 capital and may also hold Tier 2 capital up to certain prescribed limits.

Tier 1 capital comprises of the highest quality components of capital that fully satisfy the following essential characteristics:

- Provide a permanent and unrestricted commitment of funds;
- Are freely available to absorb losses;
- Do not impose any unavoidable servicing charges against earnings; and
- Rank behind claims of depositors and other creditors in the event of winding up.

The Bank's Tier 1 Capital includes preference share capital, retained profits and realised reserves.

Directors' report 2023-24

Tier 2 capital comprises of capital instruments that, to varying degrees, fall short of the quality of Tier 1 capital but exhibit some of the features of equity and contribute to the overall strength of the Bank as an ongoing concern.

The Bank's Tier 2 capital includes collective impairment allowances where the standardised approach is used (general reserve for credit losses).

Capital in the Bank is made up as follows:

	2024 \$'000	2023 \$'000
Tier 1 Capital		
General Reserves	109,582	110,015
Retained earnings	244,938	240,257
Less:		
Prescribed deductions	(15,622)	(15,025)
Net Tier 1 capital	338,898	335,247
Tier 2 Capital		
Reserve for credit losses	1,423	1,644
Net Tier 2 capital	1,423	1,644
Total capital	340,321	336,891

The Bank is required to maintain a minimum capital level of 8% as compared to the risk weighted assets at any given time in accordance with APRA Prudential Standards. The Bank has complied with all externally imposed capital requirements throughout the period.

The level of the capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets. The capital ratios as at the end of each reporting period, for the past 5 years are as follows:

2024	2023	2022	2021	2020
23.45%	24.50%	15.30%	15.33%	15.73%

Significant Changes in State of Affairs

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

Events Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, or state of affairs of the Bank or the Group in subsequent financial years.

Likely Developments and Results

Looking ahead in a competitive, challenging environment the Board has determined that it will make the appropriate decisions to enable the Bank to continue to deliver financial services to its Members.

No other matter, circumstance or likely development in the operations has arisen since the end of the reporting period that has significantly affected or may significantly affect: -

- (i) The operations of the Group;
- (ii) The results of those operations; or
- (iii) The state of affairs of the Group

in the financial years subsequent to this financial year.

Directors' report 2023-24

Further information about likely developments in the operations of the Bank and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Bank.

Proceedings

No person has applied for leave of the Court to bring proceedings on behalf of the Group or interfere in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Rounding

The amounts contained in the financial statements have been rounded to the nearest one thousand dollars in accordance with ASIC Corporations 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 APS 330 Public Disclosure (namely the Common disclosure in Attachment A and the Regulatory Capital reconciliation) may be seen on the website at <https://www.queenslandcountry.bank/help-info/about-us/governance-reporting/>.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2024 forms part of this report and a copy of this declaration is attached.

Directors' report 2023-24

CORPORATE GOVERNANCE DISCLOSURES

Board

The Board of Queensland Country Bank Limited has responsibility for the overall management and strategic direction of the Bank. All Directors are independent of Management and appointed pursuant to the provisions of the company Constitution.

Five (5) of seven (7) Board members are elected by Members on a 3-yearly rotational basis. Two (2) of seven (7) Board members are appointed pursuant to clause 50A.1 of the Constitution, which allows for the Board to appoint a person as a Director if the Board considers the person has skills or expertise of particular benefit to the Board.

Each Director must be eligible to act under the Company Constitution and in accordance with Corporations Act 2001 criteria. The Directors also need to satisfy APRA Fit and Proper requirements.

The Board has established policies to govern conduct of Board meetings, Director conflicts of interest, and training so as to maintain Director awareness of emerging issues and to satisfy all governance requirements.

Board Remuneration

The Board receives remuneration from the Bank in the form of allowances agreed to each year at the AGM and out of pocket expenses. Directors receive no other benefits from the Bank.

Board Committees

An Audit Committee, Merger Strategy Committee, Remuneration & Governance Committee, Risk Management Committee, and Strategic Projects & ICT Committee have been formed to assist the Board in relevant matters of corporate governance. Only Directors are members of these committees with participation of Management as required.

A Nominations Committee has also been established to assist the Board in assessing persons for election or appointment as a Director. In accordance with the company Constitution, the Committee comprises of one Director and two persons independent of the Board and Executive Management.

Audit Committee

The responsibilities of the Audit Committee include:

- Ensuring effectiveness of systems for monitoring compliance with laws, statutory requirements, and Board policies
- Overseeing the Bank's audit function and providing a forum for communication between the Board, external auditor, and internal auditor
- Reviewing significant accounting and reporting issues and annual audited financial statements to ensure integrity and completeness of information to external parties
- Ensuring any Related Party Transactions are appropriate, and
- Ensuring a Whistleblower Policy is established, maintained, and communicated.

Merger Strategy Committee

The Merger Strategy Committee is established to support the Board and Management with the identification, analysis and execution of merger opportunities which align with Queensland Country's Strategic Plan, and make recommendations to the Board as to whether a proposed merger is in the best interests of Members.

Remuneration and Governance Committee

The responsibilities of the Remuneration and Governance Committee include, in relation to Remuneration:

- Initiating and overseeing the annual process of reviewing performance and remuneration of the Chief Executive Officer and the Chief Executive Officer's direct reports
- Each year, reviewing and providing recommendations in relation to appropriate Executive and Director Remuneration and generally reviewing remuneration strategies, practices, and disclosures

Directors' report 2023-24

- Reviewing and proposing revisions to the Bank's governance policies and practices, including the Board Charter
- Reviewing and proposing revisions to the Bank's Constitution
- Initiating and overseeing the evaluation of Board and Director Performance as required by the Board Charter, and
- Co-ordinating the process of Director orientation.

Risk Management Committee

The responsibilities of the Risk Management Committee include:

- Ensuring the Board is aware of the risks to which the organisation is exposed to and that management operate within an appropriate 'risk management control framework'
- Assisting the Board to set risk limits and parameters appropriate to the Board's appetite for risk and ensuring adequate management reporting against set limits
- Ensuring Board policies reflect the Board's risk appetite
- Ensuring adequacy of Business Continuity Management, and
- Ensuring adequacy and effectiveness of the Bank's compliance program and actions to address identified compliance weaknesses.

Strategic Projects and ICT Committee

The Strategic Projects and ICT Steering Committee assists the Board in monitoring the digital transformation strategy, strategic projects, cyber security and the ongoing development and maintenance of our ICT framework.

Risk, Legal and Compliance

The Bank has a Risk, Legal and Compliance department responsible for maintaining the awareness of staff for all changes in compliance obligations and responding to staff inquiries on compliance matters. The Legal and Compliance department also monitors compliance with the Australian Financial Services and Australian Credit Licence obligations, AML/CTF and other regulatory obligations.

External Audit

For the 2023/2024 Financial Year, External Audit is performed by PwC, a leading international accounting body.

Internal Audit

There is an established Internal Audit function which deals with the areas of internal control.

Internal audit matters are also examined by the external auditors. The work performed by the external auditors is examined by the Audit Committee to ensure that it is consistent with the current external audit reporting role and does not impair their independence.

Dispute Resolution

The Internal Dispute Resolution officer responds to all internal and external dispute resolution matters.

Regulation

The Bank is regulated by:

- Australian Prudential Regulation Authority (APRA) for the Prudential risk management of the Bank; and
- ASIC for adherence to the disclosure requirements in the Corporations Act, Accounting Standards disclosures in the financial report and Australian Financial Services Licence (AFSL) and Australian Credit Licence (ACL).

Under the AFSL all staff who deal with the public are required to be trained and certified to a level of skill commensurate with the services provided.

APRA conduct periodic inspections. The external auditors report to both authorities on an annual basis regarding compliance with respective requirements.

Directors' report 2023-24

The external auditors also report to ASIC on FSR compliance and APRA on Prudential policy compliance.

Workplace Health & Safety

The nature of the finance industry is such that the risks of injury to staff and the public are less apparent than in other high-risk industries. Nevertheless, our two most valuable assets are our staff and our Members, and steps need to be taken to maintain their security and safety when circumstances warrant.

WH&S policies have been established for the protection of both Members and staff, and are reviewed annually for relevance and effectiveness.

Staff are trained in armed holdup procedures and offices are designed to mitigate risk of such incidents by:

- Minimising the amount of cash held in accessible areas; and
- Installing cameras to assist detection and identification of unauthorised persons.

Office premises are examined regularly to ensure that the electrical safety and physical safety measures are appropriate to the needs of the public and staff. Independent security consultants report periodically on the areas of improvement that may be considered.

The Bank has established a WH&S policy and has contracted independent consultants to review our WH&S policy and procedures and to recommend any improvements that may be considered. All matters of concern are reported for actioning by management. Secure cash handling policies are in place, and injury from RSI and lifting heavy weights are managed by proper techniques to minimise the risk of damage.

All staff have access to trauma counsellors where required following an incident which may impair their feeling of safety in the workplace.

Environmental Statement

Queensland Country acknowledges that climate change presents a risk to the prosperity and sustainability of the communities we operate in. Nationally and globally, societal expectation around environmental and social sustainability is shifting, consumers are demanding proactive and socially responsible practices by the organisations they engage with. This shift is rapidly driving regulatory requirements and government policy.

As an organisation, Queensland Country values a science-based approach and will prioritise direct decarbonization in reducing the group's own impacts on the environment. A measured approach to the low-carbon transition is critical to ensure communities have access to secure, reliable, and affordable energy and to ensure the transition is fair for everyone. This includes how we provide financial services, support communities, operate Queensland Country facilities and contribute to industry initiatives.

Queensland Country is evolving its business to help manage the effects of climate change and support the measured transition to a low-carbon economy. Critically, Queensland Country is doing this whilst mindful of the challenges and opportunities of Members, and the potential impacts on the communities where many Queenslanders are employed in mining and agricultural industries.

There is more that Queensland Country needs to do, and our initial focus is on reducing our greenhouse gas emissions and becoming a more efficient and a less resource consuming organisation. Queensland Country is taking steps to improve the following key environmental impacts:

- Generation of greenhouse emissions contributing to climate change
- Ozone depletion through emissions from air conditioning
- Increase in landfill
- Degradation of water quality

The objectives of Queensland Country's environmental agenda are as follows:

- Developing an understanding of, and management of, environmental risks and opportunities
- Developing products and services to help Members respond to environmental challenges
- Leading through actions; that is, reducing Queensland Country's own greenhouse gas emissions; and
- Engaging and assisting Queensland Country personnel in their personal contribution to environmental sustainability

Queensland Country's environmental strategy has been developed with the above objectives in mind and the key strategies are outlined below:

Directors' report 2023-24

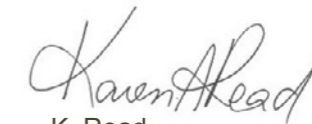
- Develop climate change knowledge and insights
- Invest in organisational capability to identify and respond to climate change risks and opportunities
- Measure and report on greenhouse gas emissions
- Continue to reduce greenhouse gas emissions
- Improve resource efficiency in line with environmental performance targets
- Continue engaging employees and foster positive environmental behaviours
- Continue to embed environmental conscious purchasing decisions
- Create tailored products and services that encourage Members to make positive environmental financial decisions

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



L. Ramsay
Chair

Signed and dated this 26th day of September 2024



K. Read
Director

Auditor's Independence Declaration

As lead auditor for the audit of Queensland Country Bank Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Queensland Country Bank Limited and the entities it controlled during the period.



Kristy van Horck
Partner
PricewaterhouseCoopers

Brisbane
26 September 2024

Statements of profit or loss

and other comprehensive income for the year ended 30 June 2024

	NOTE	Bank		Group	
		2024 \$'000	2023* \$'000	2024 \$'000	2023 \$'000
Interest income	2.1.1	192,375	139,772	171,225	121,678
Interest expense	2.1.1	(123,337)	(77,759)	(96,901)	(53,898)
Net interest income		69,038	62,013	74,324	67,780
Other operating income	2.1.2	19,835	69,872	14,549	13,365
Net operating income		88,873	131,885	88,873	81,145
Disposal of investment in subsidiaries	5.1	451	158,931	-	-
Operating expenses	2.2	(82,567)	(90,374)	(81,886)	(71,868)
Impairment (loss)/reversal on loans and advances	3.4	28	185	28	185
Profit before income tax		6,785	200,627	7,015	9,462
Income tax expense	2.3	(2,104)	(51,650)	(2,184)	(4,165)
Net profit after income tax from continuing operations		4,681	148,977	4,831	5,297
Net profit after income tax from discontinued operations	5.1	-	-	316	47,545
Net profit for the year		4,681	148,977	5,147	52,842
Other comprehensive income for the year, net of income tax					
<i>Items that will not be reclassified to profit or loss</i>					
Gains/(losses) in fair value of equity investments at fair value through other comprehensive income		(621)	1,163	(621)	1,163
Income tax relating to these items	2.3	188	(349)	188	(349)
Other comprehensive income for the year, net of income tax		(433)	814	(433)	814
Total comprehensive income for the year		4,248	149,791	4,714	53,656

*Comparatives have been restated to reflect the prior period adjustments detailed in Note 1.5.
The accompanying notes should be read in conjunction with these financial statements.

Statements of financial position

as at 30 June 2024

	NOTE	Bank		Group	
		2024 \$'000	2023 \$'000	2024 \$'000	2023* \$'000
ASSETS					
Cash and cash equivalents	3.1	67,700	93,630	78,151	189,093
Debt investments	3.2	899,635	1,075,858	449,635	525,858
Loans and advances	3.4	2,721,615	2,377,785	2,721,615	2,377,785
Income Tax Receivable		2,036	-	2,036	-
Other assets	4.1	7,161	10,608	5,572	8,429
Property, plant and equipment	4.2	36,107	36,621	29,311	29,144
Right-of-use assets	4.3	5,860	6,802	5,860	6,802
Intangible assets		160	232	160	232
Equity investments	3.3	10,183	10,804	10,183	10,804
Deferred tax assets	2.3	1,069	1,029	764	938
TOTAL ASSETS		3,751,526	3,613,369	3,303,287	3,149,085
LIABILITIES					
Deposits	3.5	2,924,789	2,687,225	2,924,789	2,687,225
Borrowings	3.6	441,178	503,015	-	46,300
Other payables	4.4	20,277	16,345	20,317	16,343
Income tax payable		-	45,112	-	45,112
Lease liabilities	4.3	5,842	7,027	5,842	7,027
Provisions	4.5	4,920	4,373	4,920	4,373
TOTAL LIABILITIES		3,397,006	3,263,097	2,955,868	2,806,380
NET ASSETS		354,520	350,272	347,419	342,705
EQUITY					
Reserves		109,582	110,015	109,582	110,015
Retained earnings		244,938	240,257	237,837	232,690
TOTAL EQUITY		354,520	350,272	347,419	342,705

*Comparatives have been restated to reflect the prior period adjustments detailed in Note 1.5.

The accompanying notes should be read in conjunction with these financial statements.

Statements of changes in equity

for the year ended 30 June 2024

	FVOCI Reserve	Business Combination Reserve	General Reserve	Retained Earnings	Total
Bank	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	4,401	60,543	44,257	91,280	200,481
<i>Total comprehensive income for year</i>					
Profit for the year after tax	-	-	-	148,977	148,977
Other comprehensive income after tax	814	-	-	-	814
<i>Total comprehensive income for the year</i>	<i>814</i>	<i>-</i>	<i>-</i>	<i>148,977</i>	<i>149,791</i>
Balance at 30 June 2023	5,215	60,543	44,257	240,257	350,272
<i>Total comprehensive income for year</i>					
Profit for the year after tax	-	-	-	4,681	4,681
Other comprehensive income after tax	(433)	-	-	-	(433)
<i>Total comprehensive income for the year</i>	<i>(433)</i>	<i>-</i>	<i>-</i>	<i>4,681</i>	<i>4,248</i>
Balance at 30 June 2024	4,782	60,543	44,257	244,938	354,520
Group					
Balance at 1 July 2022	4,401	60,543	44,257	179,848	289,049
<i>Total comprehensive income for year</i>					
Profit for the year after tax	-	-	-	52,842	52,842
Other comprehensive income after tax	814	-	-	-	814
<i>Total comprehensive income for the year</i>	<i>814</i>	<i>-</i>	<i>-</i>	<i>52,842</i>	<i>53,656</i>
Balance at 30 June 2023	5,215	60,543	44,257	232,690	342,705
<i>Total comprehensive income for year</i>					
Profit for the year after tax	-	-	-	5,147	5,147
Other comprehensive income after tax	(433)	-	-	-	(433)
<i>Total comprehensive income for the year</i>	<i>(433)</i>	<i>-</i>	<i>-</i>	<i>5,147</i>	<i>4,714</i>
Balance at 30 June 2024	4,782	60,543	44,257	237,837	347,419

The accompanying notes should be read in conjunction with these financial statements.

Statements of cash flows

for the year ended 30 June 2024

NOTE	Bank		Group	
	2024 \$'000 Inflows/ (Outflows)	2023* \$'000 Inflows/ (Outflows)	2024 \$'000 Inflows/ (Outflows)	2023* \$'000 Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES				
	193,628	138,940	171,901	125,901
Interest received	245	258	245	258
Dividends received	19,591	41,949	14,303	14,168
Other income received	(117,680)	(68,954)	(91,244)	(45,083)
Interest paid	(75,899)	(86,805)	(75,902)	(70,615)
Payments to suppliers and employees	(49,104)	(4,695)	(49,105)	(4,661)
Income taxes (paid)/received	(340,839)	(182,211)	(340,806)	(182,244)
Net movement in loans and advances	232,272	146,185	232,272	146,186
Net movement in deposits				
Net cash used in operating activities	3.1 (137,786)	(15,333)	(138,336)	(16,090)
CASH FLOWS FROM INVESTING ACTIVITIES				
	176,223	(112,799)	76,223	(110,286)
Net movement in debt and equity investments	(2,754)	(2,337)	(2,754)	(2,123)
Payments for property, plant and equipment	23	250	23	254
Proceeds from sale of property, plant and equipment	3,338	156,044	3,338	153,414
Proceeds from disposal of subsidiaries				
Net cash provided by investing activities	176,830	41,158	76,830	41,259
CASH FLOWS FROM FINANCING ACTIVITIES				
	(61,838)	18,399	(46,300)	46
Net movement in borrowings	(3,136)	(3,078)	(3,136)	(2,539)
Principal payment of lease liabilities	(64,974)	15,321	(49,436)	(2,493)
Net cash provided by/(used in) financing activities				
Net increase/(decrease) in cash held	(25,930)	41,146	(110,942)	22,676
Cash at the beginning of the financial year	93,630	52,484	189,093	166,417
Cash at the end of the financial year	3.1 67,700	93,630	78,151	189,093

*Comparatives have been restated to reflect prior period adjustments detailed in Note 1.5.
The accompanying notes should be read in conjunction with these financial statements.

Notes to the financial statements

for the year ended 30 June 2024

Note 1. Basis of Preparation

- 1.1. Reporting entity
- 1.2. Basis of accounting
- 1.3. Basis of consolidation
- 1.4. Adoption of new or amended accounting standards and future developments
- 1.5. Prior period adjustments

Note 2. Financial Performance

- 2.1. Operating income
- 2.2. Operating expenses
- 2.3. Income tax

Note 3. Capital and balance sheet management

- 3.1. Cash and cash equivalents
- 3.2. Debt investments
- 3.3. Equity investments
- 3.4. Loans and advances
- 3.5. Deposits
- 3.6. Borrowings
- 3.7. Financial risk management
- 3.8. Fair value measurement
- 3.9. Capital Management

Note 4. Other assets and liabilities

- 4.1. Other assets
- 4.2. Property, plant and equipment
- 4.3. Lease arrangements
- 4.4. Other payables
- 4.5. Provisions

Note 5. Other notes

- 5.1. Discontinued operations
- 5.2. Auditor's remuneration
- 5.3. Commitments
- 5.4. Related party transactions
- 5.5. Events occurring after the reporting date

Notes to the financial statements

for the year ended 30 June 2024

Note 1. Basis of Preparation

1.1. Reporting entity

The financial report of Queensland Country Bank Limited (the 'Company', 'Parent Entity' or 'Bank') and its subsidiaries (the 'Group' or the 'Consolidated Entity') for the year ended 30 June 2024, was approved and authorised for issue by the Board of Directors on 26th September 2024.

The Bank is a for-profit public company limited by shares, incorporated, and domiciled in Australia. Its registered office is 333 Ross River Road, Aitkenvale QLD 4814. The Group operates principally in Australia and the principal activity of the Group is the provision of financial services to its members.

1.2. Basis of accounting

The financial report:

- is a general-purpose financial report;
- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*;
- is presented in Australian Dollars, with all values rounded to the nearest thousand dollars in accordance with *ASIC Corporations Instrument 2016/191* unless otherwise stated;
- has been prepared on a going concern basis using a historical cost basis, with the exception of financial instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair value;
- where required, presents restated comparative information for consistency with current year presentation; and
- contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

1.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank, being the parent entity, and entities controlled by the Bank.

Subsidiaries are all entities (including special purpose entities) over which the Bank has control. The Bank controls an entity when it has:

- power over the relevant activity of the entity, for example through voting rights.
- exposure to, or rights to, variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns from the entity.

Business combinations are accounted for using the acquisition method of accounting. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated when control ceases. Intercompany transactions and balances between Group entities are fully eliminated on consolidation. The names of the subsidiaries are contained in note 5.4(b) and are accounted for at cost in the separate financial statements of the Bank, less any impairment charge.

1.4. Adoption of new or amended accounting standards and future developments

Standards, amendments to standards and interpretations issued by the AASB and the IASB, including those that are not yet effective, are not expected to result in significant changes to the Bank or the Group.

Notes to the financial statements

for the year ended 30 June 2024

Note 1. Basis of Preparation - Cont.

1.5. Prior period adjustments

During the financial year ended 30 June 2024, the Bank and Group identified the following errors related to the classification of transactions and balances held with MTG QCCU Trust Repo Series No. 1 (the Trust):

1. Classification of securitisation income:

In the prior period, securitisation income received by the Bank from the Trust was incorrectly classified by the Bank as net interest income. In the current year this income has been classified as other operating income.

The comparative information for the 2023 financial year has been restated for the impact of the error in the statement of profit or loss and other comprehensive income, statement of cash flows and accompanying notes for the Bank as follows:

- Increase in other operating income of \$5.5m and adjustment to Note 2.1.2 other operating income
- Increase in net cash inflow from other income received of \$5.5m
- Decrease in interest income of \$2.8m and adjustment to Note 2.1.1 interest income
- Decrease in net cash inflow from interest received of \$2.8m
- Increase in interest expense of \$2.7m and adjustment to Note 2.1.1 interest income
- Increase in net cash outflow from interest paid of \$2.7m

2. Classification of cash and cash equivalents

In the prior period, the cash balance held by the Trust was incorrectly classified by the Group as debt investments and other assets. In the current year this cash balance has been classified as cash and cash equivalents.

The comparative information for the 2023 financial year has been restated for the impact of the error in the statement of financial position, statement of cash flows and accompanying notes for the Group as follows:

- Increase to cash and cash equivalents of \$95.5m and adjustment to Note 3.1 cash and cash equivalents
- Decrease to debt instruments of \$93.3m and adjustment to Note 3.2 debt instruments
- Decrease to other assets of \$2.2m and adjustment to Note 4.1 other assets
- Increase in net cash outflow from net movement in debt and equity investments of \$15.8m
- Decrease in net cash provided by investing activities of \$15.8m
- Decrease in net increase in cash held of \$15.8m
- Increase in cash at the beginning of the financial year of \$111,303m
- Increase in cash at the end of the financial year of \$95.5m

Notes to the financial statements

for the year ended 30 June 2024

Note 2. Financial Performance

2.1. Operating income

	Bank		Group	
	2024 \$'000	2023* \$'000	2024 \$'000	2023* \$'000
2.1.1. Net interest income				
(a) Interest income				
Cash and cash equivalents	2,016	1,135	4,399	3,975
Debt investments	47,098	35,960	23,565	15,026
Loans and advances	143,261	102,677	143,261	102,677
Total interest income	192,375	139,772	171,225	121,678
(b) Interest expense				
Deposits	96,076	53,394	96,076	53,184
Borrowings	26,896	23,946	460	303
Lease liability interest	365	419	365	411
Total interest expense	123,337	77,759	96,901	53,898

*Comparatives have been restated to reflect prior period adjustments detailed in Note 1.5.

Accounting policies

Interest income and expense for all financial assets and liabilities measured at amortised cost, and debt investments measured at FVOCI, are recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The rate includes all fees paid or received that are an integral part of the effective interest rate, transaction costs, upfront and trail commissions, and all other premiums or discounts which are amortised over the expected life of the financial instrument.

Critical accounting estimates and judgments

When applying the effective interest method, the Group has estimated the behavioural term of loans and advances, by reference to historical prepayment rates, refinances, and the contractual maturity.

2.1.2. Other operating income

- Dividends received	245	28,726	245	258
- Fees and commissions	13,232	12,426	13,232	12,394
- Net gain on disposal of property, plant and equipment	-	59	-	59
- Securitisation income	5,286	5,550	-	-
- Management fee income	-	21,949	-	-
- Other income	1,072	1,162	1,072	654
Total other operating income	19,835	69,872	14,549	13,365

*Comparatives have been restated to reflect prior period adjustments detailed in Note 1.5.

Accounting policies

Unless included in the effective interest rate, fees, commissions, and other banking-related income is recognised when performance obligations in relation to the contract have been satisfied, which are either as at a point in time, or over time.

Dividends are recognised when control of a right to receive consideration is established.

Notes to the financial statements

for the year ended 30 June 2024

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
2.2. Operating expenses				
- Fees and commissions	1,144	1,948	1,144	1,337
- Occupancy and equipment expenses	8,924	9,288	8,243	6,830
- Employee expenses	41,212	44,292	41,212	36,032
- General administration & marketing costs	5,808	9,139	5,808	6,542
- Information technology costs	14,573	13,284	14,573	10,081
- Transaction processing costs	7,928	7,838	7,928	7,838
- Other operating expenses	2,978	4,585	2,978	3,208
Total operating expenses	82,567	90,374	81,886	71,868

Accounting policies

Operating expenses are recognised as the relevant service is received and costs can be reliably measured.

2.3. Income tax

(a) Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit before income tax	6,785	200,627	7,015	9,462
Tax at the Australian tax rate of 30% (2023: 30%)	2,036	60,188	2,105	2,839
Add Tax effect of:				
Other assessable income	31	3,693	31	1,357
Non-deductible expenses	166	89	166	89
	2,233	63,970	2,302	4,285
Less Tax effect of:				
Tax offset for franked dividends	(105)	(12,310)	(105)	(110)
Non-assessable income	(135)	-	(135)	-
Tax building depreciation/building allowance	(27)	(27)	(16)	(27)
	1,966	51,633	2,046	4,148
Adjustment recognised for prior periods	138	17	138	17
Income tax expense	2,104	51,650	2,184	4,165
(b) Major components of tax expense/(income):				
- Current tax expenses	1,795	50,791	1,660	1,284
- Deferred tax expenses	171	842	386	2,864
- Adjustment recognised for prior periods	138	17	138	17
	2,104	51,650	2,184	4,165
(c) Major components of tax expense/(income) recognised in Other Comprehensive Income:				
- Deferred tax expenses	(188)	349	(188)	349
(d) Franking credits based on 30% tax (2023: 30%)				
	115,839	113,776	115,839	113,776
(e) (i) Deferred tax assets comprise temporary differences attributable to:				
- provision for impairment	559	755	559	755
- employee benefits	2,059	1,872	2,059	1,872
- depreciation	449	465	449	465
- land and buildings	874	580	569	489
Total deferred tax assets	3,941	3,672	3,636	3,581
(ii) Deferred tax liabilities comprise temporary differences attributable to:				
- other	(823)	(408)	(823)	(408)
	(823)	(408)	(823)	(408)
Amounts recognised in OCI				
- equity interests	(2,049)	(2,235)	(2,049)	(2,235)
Total deferred tax liabilities	(2,872)	(2,643)	(2,872)	(2,643)
Net deferred tax assets	1,069	1,029	764	938

Notes to the financial statements

for the year ended 30 June 2024

2.3. Income tax – Cont.

Accounting policies

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Note 3. Capital and balance sheet management

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023* \$'000
3.1. Cash and cash equivalents				
Cash on hand	4,301	3,863	4,301	3,863
Cash and short-term deposits with ADIs	63,399	89,767	73,850	185,230
Total cash and cash equivalents	67,700	93,630	78,151	189,093

Notes to the statements of cash flows

Reconciliation of profit for the year to net cash provided by operating activities:

Profit after income tax	4,681	148,977	5,147	52,842
Gain on sale of property, plant and equipment	-	(59)	-	(59)
Gain on sale of subsidiaries	(451)	(158,931)	-	-
Dividend from subsidiaries	-	(28,299)	-	-
Net (profit) from discontinued operations	-	-	(451)	(95,120)
Depreciation and amortisation	3,317	2,388	2,636	2,339
Depreciation – right of use asset	2,797	3,204	2,797	2,525
Provision for loan impairment	(28)	(185)	(28)	(185)
Increase in loans and advances	(342,088)	(182,396)	(342,055)	(182,244)
(Increase)/decrease in interest receivable	(284)	1,117	(316)	1,150
Decrease in prepayments	130	56	129	57
Decrease in sundry debtors	3,669	483	3,122	1,250
(Increase)/decrease in deferred tax assets	(40)	1,197	174	3,154
Increase in member deposits	232,272	146,185	232,272	146,186
Increase in interest payable	5,657	9,224	5,657	9,226
(Decrease)/increase in income tax payable	(46,960)	43,768	(46,960)	44,763
Increase/(decrease) in provisions	277	(385)	277	(385)
Increase/(decrease) in payables and other liabilities	2,152	(1,677)	2,150	(1,589)
Net cash used in operating activities	(134,899)	(15,333)	(135,449)	(16,090)

*Comparatives have been restated to reflect prior period adjustments detailed in Note 1.5.

Notes to the financial statements

for the year ended 30 June 2024

3.1. Cash and cash equivalents – Cont.

Accounting policies

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less, which are subject to insignificant risks of changes in their value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are initially recognised at fair value and subsequently measured at amortised cost. Interest is recognised using the effective interest method.

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023* \$'000
3.2. Debt investments				
Bank bills of exchange and certificates of deposit	135,657	209,728	135,657	209,728
Deposits with ADIs	82,583	126,624	82,583	126,624
MTG QCCU Trust – Class A floating rate notes	401,200	501,200	-	-
MTG QCCU Trust – Class B floating rate notes	48,800	48,800	-	-
Other investments	231,395	189,506	231,395	189,506
Total debt investments	899,635	1,075,858	449,635	525,858

*Comparatives have been restated to reflect prior period adjustments detailed in Note 1.5.

Investments at amortised cost expected to mature more than 12 months after the reporting date for the Bank amounted to \$198,430,000 (2023: \$141,356,000), for the Group amounted to \$198,430,000 (2023: \$141,356,000).

Queensland Country Bank Limited has transferred loans and advances to a securitisation entity known as The MTG QCCU Trust Repo Series No. 1 (The Trust). This Trust has been established to support the on-going liquidity management framework of the Bank. The Bank has purchased the floating rate notes issued by the Trust. The senior notes held by the Bank are eligible to be utilised as collateral in repurchase arrangements with the Reserve Bank of Australia (RBA). The total floating rate notes as at 30 June 2024 amounted to \$450,000,000 (2023: \$550,000,000), split between Class A and Class B notes.

Accounting policies

The Group's business model for debt investments is to hold the financial assets in order to collect contractual cash flows. The contractual cash flows on these financial assets comprise the payment of principal and interest only. These investments are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method and are presented net of provision for impairment (where applicable). Any gain or loss arising on derecognition is recognised directly in profit or loss.

3.3. Equity investments

Shares in unlisted entities	10,183	10,804	10,183	10,804
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The shares in unlisted entities relate to shareholdings in Indue Limited and Cuscal Limited. These companies were created to supply services to the member credit unions and mutual banks and do not have an independent business focus. The investments are held to enable the Group to receive essential banking services and there are no plans to dispose of these investments during the short term. These shares are not publicly traded and are not redeemable.

Notes to the financial statements

for the year ended 30 June 2024

3.3. Equity investments – Cont.

Accounting policies

Investments in this category are non-traded equity investments that have been irrevocably designated at initial recognition at FVOCI. Gains or losses arising from changes in the fair value of these financial instruments are recognised in other comprehensive income and are not subsequently reclassified to profit and loss, including on disposal.

Dividends, when representing a return on equity investments, continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Critical accounting estimates and judgments

The fair value of equity investments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 3.8(a).

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000

3.4. Loans and advances

Loans and advances outstanding

	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Loans and advances outstanding	21,924	24,824	21,924	24,824
- Overdrafts				
- Term loans	2,675,769	2,333,032	2,675,769	2,333,032
- Credit cards	13,275	12,966	13,275	12,966
Gross loans and advances	2,710,968	2,370,822	2,710,968	2,370,822
Deferred Loan Fees	12,510	9,480	12,510	9,480
Provision for expected credit losses	(1,863)	(2,517)	(1,863)	(2,517)
Net loans and advances	2,721,615	2,377,785	2,721,615	2,377,785

Loans and advances expected to be recovered more than 12 months after the reporting date for the Bank amounted to \$2,631,829,000 (2023: \$2,314,008,000), and for the Group amounted to \$2,631,829,000 (2023: \$2,314,008,000).

a) Expected Credit Losses (ECL) on loans and advances

The following table discloses the breakdown of the ECL by component for the years ended 30 June 2024 and 30 June 2023:

Bank and Group	Stage 1 12-month ECL Collective \$'000	Stage 2 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Specific \$'000	Total \$'000
Opening balance at 1 July 2022	1,251	680	-	1,131	3,062
Net transfer between stages	(310)	28	1,413	(1,131)	-
New loans originated	312	1	-	-	313
Loans derecognised	(176)	(37)	(136)	-	(349)
Change in measurement	39	(54)	(134)	-	(149)
Loan impairment expense/(benefit) during the year	(135)	(62)	1,143	(1,131)	(185)
Write-offs from the provision	-	-	(360)	-	(360)
Loss allowance at 30 June 2023	1,116	618	783	-	2,517

Notes to the financial statements

for the year ended 30 June 2024

3.4. Loans and advances – Cont.

a) Expected Credit Losses (ECL) on loans and advances – Cont.

Bank and Group	Stage 1 12-month ECL Collective \$'000	Stage 2 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Specific \$'000	Total \$'000
Opening balance at 1 July 2023	1,116	618	783	-	2,517
Net transfer between stages	(244)	(12)	256	-	-
New loans originated	255	9	7	-	271
Loans derecognised	(160)	(56)	(449)	-	(665)
Change in measurement	(67)	(36)	568	-	465
Loan impairment expense/(benefit) during the year	(216)	(95)	382	-	71
Write-offs from the provision	-	-	(725)	-	(725)
Loss allowance at 30 June 2024	900	523	440	-	1,863

The table below discloses the gross carrying amount of loans and advances in the different stages for the Bank and Group during the years ended 30 June 2024 and 30 June 2023:

Bank and Group	Stage 1 12-month ECL Collective \$'000	Stage 2 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Specific \$'000	Total \$'000
Gross loans and advances at 1 July 2022	2,178,788	10,119	-	2,897	2,191,804
Net transfer between stages	(4,768)	3,547	4,118	(2,897)	-
New loans originated	645,298	849	-	-	646,147
Loans derecognised including write offs	(354,889)	(2,996)	(1,832)	-	(359,717)
Change in balances for loans already provided for	(106,909)	(811)	308	-	(107,412)
Gross loans and advances at 30 June 2023	2,357,520	10,708	2,594	-	2,370,822
Net transfer between stages	(6,174)	4,088	2,086	-	-
New loans originated	794,421	2,180	81	-	796,682
Loans derecognised including write offs	(335,798)	(4,117)	(1,105)	-	(341,020)
Change in balances for loans already provided for	(115,296)	(187)	(33)	-	(115,516)
Gross loans and advances at 30 June 2024	2,694,673	12,672	3,623	-	2,710,968

Notes to the financial statements

for the year ended 30 June 2024

3.4. Loans and advances – Cont.

b) ECL - Sensitivity analysis and forward-looking information

The table below provides a summary of macroeconomic assumptions and weightings in each forward-looking scenario used at 30 June 2024:

Scenario	Weighting	Assumptions applied
Upside	40%	<p>This scenario reflects the Group's forward looking economic assumptions, whereby there are no major changes in current external factors observed. Specifically, the following assumptions have been applied:</p> <ul style="list-style-type: none"> Property prices will continue to increase in line with actual average increases observed over the past 10 years; GDP will remain stable, and record low levels of unemployment will continue; and Interest rates will remain unchanged from current levels into the future. <p>As a result, this scenario assumes that the probability of members defaulting on their loans in the future will remain consistent with what is currently experienced.</p>
Base Case	40%	<p>This scenario reflects a slight deterioration in economic conditions compared to those currently prevalent. Specifically, the following assumptions have been applied:</p> <ul style="list-style-type: none"> Property prices will continue to increase, but this growth is expected to slow slightly compared to the 10-year average; GDP will fall slightly, resulting in a slight increase in unemployment levels to those currently experienced; and Interest rates will remain unchanged from current levels into the future. <p>As a result, this scenario assumes that the probability of members defaulting on their loans in the future will increase somewhat compared to the levels currently experienced.</p>
Downside	20%	<p>This scenario reflects a moderate deterioration in economic conditions compared to the base case. Specifically, the following assumptions have been applied:</p> <ul style="list-style-type: none"> Property prices will continue to increase, but this growth is expected to slow substantially compared to the 10-year average; GDP will fall moderately, resulting in higher levels of unemployment and an increase in the proportion of members not making their required repayments; and Interest rates will increase slightly from current levels into the future. <p>As a result, this scenario assumes that the probability of members defaulting on their loans in the future will increase compared to the levels currently experienced.</p>

The table below provides a summary of macroeconomic assumptions and weightings in each forward-looking scenario used at 30 June 2023:

Scenario	Weighting	Assumptions applied
Upside	2.5%	<p>This scenario reflects the Group's forward looking economic assumptions, whereby there are no major changes in current external factors observed. Specifically, the following assumptions have been applied:</p> <ul style="list-style-type: none"> Property prices will continue to increase in line with actual average increases observed over the past 10 years; GDP will remain stable, and record low levels of unemployment will continue; and Interest rates will remain unchanged from current levels into the future. <p>As a result, this scenario assumes that the probability of members defaulting on their loans in the future will remain consistent with what is currently experienced.</p>

Notes to the financial statements

for the year ended 30 June 2024

3.4. Loans and advances – Cont.

b) ECL - Sensitivity analysis and forward-looking information – cont.

Base Case	95%	<p>This scenario reflects a slight deterioration in economic conditions compared to those currently prevalent. Specifically, the following assumptions have been applied:</p> <ul style="list-style-type: none"> Property prices will continue to increase, but this growth is expected to slow to half that observed on average over the past 10 years; GDP will fall slightly, resulting in a slight increase in unemployment levels to those currently experienced; and Interest rates will continue to increase to 30% above current levels. <p>As a result, this scenario assumes that the probability of members defaulting on their loans in the future will increase somewhat compared to the levels currently experienced.</p>
Downside	2.5%	<p>This scenario reflects a moderate deterioration in economic conditions compared to the base case. Specifically, the following assumptions have been applied:</p> <ul style="list-style-type: none"> Property prices will fall by 1% annually on average; GDP will fall significantly, resulting in high levels of unemployment and a significant portion of members experiencing financial stress; and Interest rates will continue to increase to 50% above current levels. <p>As a result, this scenario assumes that the probability of members defaulting on their loans in the future will increase significantly compared to the levels currently experienced.</p>

In addition to the modelled scenarios, the Group also considers the need for additional overlays for model risk and/or other forward-looking factors not adequately captured within the model. As at 30 June 2024, the Group held \$500,000 (2023: \$500,000) overlays, included in Stage 2 provisions.

The following table compares the reported ECL to approximate levels of ECL under each scenario assuming a 100% weighting was applied to each scenario with all other assumptions held constant. The table reflects the modelled outputs excluding management overlays:

Bank and Group	2024 \$'000	2023 \$'000
Reported probability weighted ECL	1,363	2,017
100% Upside scenario	1,258	1,530
100% Base case scenario	1,380	1,988
100% Downside scenario	1,541	3,613

c) Loan write-offs

A reconciliation of the impairment expense on loans and advances to members is provided below:

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Impairment expense on loans and advances				
- Net new and increased collective provisions	71	(185)	71	(185)
- Bad debts recovered	(99)	-	(99)	-
Total impairment expense/(benefit) for loans and advances	(28)	(185)	(28)	(185)

Notes to the financial statements

for the year ended 30 June 2024

3.4. Loans and advances – Cont.

Accounting policies

(i) Recognition and measurement

Loans and advances are financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. The Group's business model for the loan book is to collect contractual cash flows, with sales of loans only being made internally to a consolidated securitisation vehicle for the purpose of collateralising notes issued, with no resulting derecognition by the Group. The contractual cash flows on these financial assets comprise the payment of principal and interest only.

Loans and advances are initially recognised at fair value, plus directly attributable transaction costs. They are subsequently measured at each reporting date at amortised cost using the effective interest method.

(ii) Expected Credit Losses (ECL)

The Group applies a three-stage approach to measuring ECL on loans and advances, including loan commitments. Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows. Where such evidence exists, the exposure is assessed on an individual basis. The measurement basis for each stage is as detailed below:

- Stage 1 – 12-month ECL: For loans where there has not been a significant increase in credit risk (**SICR**) since original recognition, the portion of lifetime ECL associated with the probability of default (**PD**) events occurring within the next 12 months is recognised as the 12-month ECL, adjusted for forward looking information. Stage 1 includes facilities where the credit risk has improved, and the loan has been reclassified from Stage 2 or Stage 3.
- Stage 2 – Lifetime ECL (not impaired): Where there has been a SICR, the lifetime ECL is determined with reference to the probability of default events occurring throughout the life of a loan, adjusted for forward looking information. Stage 2 includes facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3 – Lifetime ECL (credit impaired): The provision is also equivalent to the lifetime ECL, but interest income is measured based on the carrying amount of the loan net of the associated ECL.

The credit risk of loans is continuously monitored by the Group. At each reporting date, the Group assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information combined with a forward-looking approach that accounts for any known and unknown upcoming uncertainties.

SICR:

The Group considers a loan to have experienced a SICR if any of the following indicators are present:

- Significant financial difficulties of the borrower
- The borrower is more than 29 days past due on their contractual repayments for loans or revolving credit facilities.

Default:

The Group considers a loan to be in default (which is fully aligned with the definition of credit-impaired) if any of the following indicators are present:

- The borrower is more than 89 days past due on their contractual repayments for loans or revolving credit facilities.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a continuous period of six months.

Calculation of Expected Credit Losses:

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. Loans have been grouped by product type (commercial loans, housing loans, personal loans, overdrafts, and credit cards) for the purpose of modelling ECL.

Notes to the financial statements

for the year ended 30 June 2024

3.4. Loans and advances – Cont.

Accounting policies – Cont.

(ii) Expected Credit Losses (ECL) – Cont.

Calculation of Expected Credit Losses – Cont:

The ECL is measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. Where ECL is modelled collectively for portfolios of exposures, it is modelled primarily as the discounted product of the Probability of Default (**PD**), Exposure at Default (**EAD**), and Loss Given Default (**LGD**), defined as follows:

- The 12-month and lifetime PD represent the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation, respectively, based on conditions existing at balance date and future economic conditions that affect credit risk.
- EAD is based on the amounts the Group expects to be owed at the time of default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral and the time value of money.

The Group recognises an impairment provision for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, and the time value of money. The discount rate used in the ECL calculation is 10% (2023: 10%).

Incorporation of forward-looking information:

In addition to considering historical experience, the Group incorporates forward looking information and multiple economic scenarios to determine ECL. The Group considers three forward-looking macro-economic scenarios (upside, base case, and downside) which are then probability weighted based on the likelihood of the scenario occurring to ensure ECL appropriately captures forward looking effects and considers the range of possible economic outcomes.

Consideration of forward-looking macroeconomic conditions requires expert judgment, and the Group considered the judgment of an internal expert panel to understanding how the loan portfolio is likely to respond to changes in the macroeconomic environment. The internal expert panel is comprised of members of senior management, including the Chief Executive Officer and the Chief Financial Officer.

Economic outlook factors that are taken into consideration include GDP, unemployment, interest rates, commercial and residential property price indexes, and require an evaluation of both the current and forecast direction of the macro-economic cycle.

Incorporating forward looking information, including macroeconomic forecasts, increases the degree of judgement required to assess how changes in these data points will affect ECL. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Write-offs:

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Critical accounting estimates and judgments:

While the methodology utilised in determining the Group's expected credit losses remains consistent with the prior period, there are a number of judgements and estimates made by management in relation to the underlying assumptions that are continuously reviewed and revised on a periodic basis, which include, but are not limited to:

- probability of default, loss given default and exposure at default estimates;
- forward-looking macroeconomic conditions; and
- macroeconomic scenario weightings.

Notes to the financial statements

for the year ended 30 June 2024

3.5. Deposits

Call deposits	1,885,045	1,742,535	1,885,045	1,742,535
Term deposits	1,022,816	909,864	1,022,816	909,864
Negotiable Certificates of Deposit	16,928	34,826	16,928	34,826
	2,924,789	2,687,225	2,924,789	2,687,225

Deposits expected to be settled more than 12 months after reporting date for the Bank and the Group amounted to \$4,548,000 (2023: \$10,129,000).

There are no deposits from any individual, or association groups which exceed 10% of total liabilities of the Bank or Group in the current or prior year.

Accounting policies

Deposits are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method.

3.6. Borrowings

RBA Term Funding Facility	-	46,300	-	46,300
MTG QCCU Trust Repo Series No. 1	441,178	456,715	-	-
	441,178	503,015	-	46,300

Borrowings for the RBA Term Funding Facility (TFF) are for a three-year term. Eligible collateral for this funding consists of all collateral currently eligible for the Reserve Bank's domestic market operations. This includes self-securitised asset backed securities. As at 30 June 2024 \$nil (2023: \$55,320,000) of the self-securitisation floating rate notes were pledged as collateral. The Group has fully repaid the TFF facility during the year ended 30 June 2024.

Accounting policies

Borrowings are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method.

3.7. Financial risk management

The Board has endorsed a strategy of compliance and risk management to suit the risk profile of the Group.

Key risk management policies encompassed in the overall risk management framework include:

- Risk Management Strategy
- Interest Rate (Market) Risk Management
- Credit Risk Management
- Liquidity and Funding Risk Management
- Capital Management

(a) Market risk

The objective of the Group's market risk management is to manage and control market risk exposures in order to optimise risk and return.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and other volatilities will have an adverse effect on the Group's financial condition or results. The Group does not have any material exposure to market risk other than interest rate risk and equity price risk. As such disclosures have not been made for foreign currency risks. The management of market risk is the responsibility of the ALCO Committee.

Notes to the financial statements

for the year ended 30 June 2024

3.7. Financial risk management – Cont.

(a) Market risk – cont.

(i) Interest rate risk

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to changes in interest rates. The Group is exposed to interest rate risk in relation to its treasury operations and banking activities. The Group's exposure to interest rate risk is measured and monitored using interest rate sensitivity models. There has been no change to the Group's exposure to interest rate risk or the way it is managed and measured in the reporting period.

The policy of the Group is to maintain a balanced 'on book' strategy by ensuring the net interest rate gaps between assets and liabilities are within Board approved risk appetite. The gap is measured monthly to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed rate interest products available through investment assets, and term deposit liabilities to rectify the imbalance to within acceptable levels.

The Bank and Group's exposure to interest rate risk at the end of the reporting period was as follows:

Bank	Floating Interest Rate	Fixed interest rate maturing:		Non Interest Sensitive	Total
		1 year or less	1 to 5 years		
Repricing Period: 30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
- Cash and cash equivalents	65,440	-	-	2,260	67,700
- Trade debtors	-	-	-	344	344
- Debt investments	466,002	424,133	9,500	-	899,635
- Loans and advances	1,844,392	454,057	410,656	12,510	2,721,615
- Equity investments	-	-	-	10,183	10,183
	2,375,834	878,190	420,156	25,297	3,699,477
Financial Liabilities					
- Deposits	1,900,666	1,019,575	4,548	-	2,924,789
- Borrowings	441,178	-	-	-	441,178
- Trade payables	-	-	-	1,433	1,433
- Trail commissions payable	-	-	-	8,300	8,300
	2,341,844	1,019,575	4,548	9,733	3,375,700

Bank

Repricing Period: 30 June 2023

Bank	Floating Interest Rate	Fixed interest rate maturing:		Non Interest Sensitive	Total
		1 year or less	1 to 5 years		
Repricing Period: 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
- Cash and cash equivalents	82,424	-	-	11,206	93,630
- Trade debtors	-	-	-	3,182	3,182
- Debt investments	550,000	384,502	141,356	-	1,075,858
- Loans and advances	1,136,296	505,408	726,601	9,480	2,377,785
- Equity investments	-	-	-	10,804	10,804
	1,768,720	889,910	867,957	34,672	3,561,259
Financial Liabilities					
- Deposits	1,753,044	924,052	10,129	-	2,687,225
- Borrowings	456,715	46,300	-	-	503,015
- Trade payables	-	-	-	255	255
- Trail commissions payable	-	-	-	6,520	6,520
	2,209,759	970,352	10,129	6,775	3,197,015

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for the year ended 30 June 2024

3.7. Financial risk management – Cont.

(a) Market risk – cont.

(i) Interest rate risk - cont.

Group Repricing Period: 30 June 2024	Floating Interest Rate \$'000	Fixed interest rate maturing:		Non Interest Sensitive \$'000	Total \$'000
		1 year or less \$'000	1 to 5 years \$'000		
Financial Assets					
- Cash and cash equivalents	75,891	-	-	2,260	78,151
- Trade debtors	-	-	-	344	344
- Debt investments	16,002	424,133	9,500	-	449,635
- Loans and advances	1,844,392	454,057	410,656	12,510	2,721,615
- Equity investments	-	-	-	10,183	10,183
	1,936,285	878,190	420,156	25,297	3,259,928
Financial Liabilities					
- Deposits	1,900,666	1,019,575	4,548	-	2,924,789
- Borrowings	-	-	-	-	-
- Trade payables	-	-	-	1,433	1,433
- Trail commissions payable	-	-	-	8,300	8,300
	1,900,666	1,019,575	4,548	9,733	2,934,522

Group Repricing Period: 30 June 2023

Financial Assets					
- Cash and cash equivalents	177,887	-	-	11,206	189,093
- Trade debtors	-	-	-	3,182	3,182
- Debt investments	-	384,502	141,356	-	525,858
- Loans and advances	1,136,296	505,408	726,601	9,480	2,377,785
- Equity investments	-	-	-	10,804	10,804
	1,314,183	889,910	867,957	34,672	3,106,722
Financial Liabilities					
- Deposits	1,753,044	924,052	10,129	-	2,687,225
- Borrowings	-	46,300	-	-	46,300
- Trade payables	-	-	-	255	255
- Trail commissions payable	-	-	-	6,520	6,520
	1,753,044	970,352	10,129	6,775	2,740,300

Based on calculations at 30 June 2024 the net profit and equity impact to the Bank and the Group of a 1% (2023:1%) movement in interest rates would be \$1,117,000 (2023: \$6,029,332).

(ii) Equity price risk

The Group's exposure to equity securities price risk arises from equity investments held by the Group and classified in the balance sheet as FVOCI. The investments consist of unlisted equity securities held by the Bank in Indue and Cuscal.

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for the year ended 30 June 2024

3.7. Financial risk management – Cont.

(a) Market risk – cont.

(ii) Equity price risk – Cont.

The Group's maximum exposure to equity securities price risk is the carrying amounts of the equity investments of \$10,183,000 (2023: \$10,804,000). The impact of an increase/decrease of 10% on the net asset backing per share would result in an increase/decrease in fair value of \$1,018,000 (2023: \$1,080,400). As movements are taken through OCI, this change would not impact profit for the Group or the Bank, however it would impact total equity for the Group and Bank by this amount. The impact is based on the assumption that the equity indexes had increased or decreased by 10% with all other variables held constant.

(b) Credit risk

Credit risk is the risk that members, financial institutions and other counterparties will be unable to meet their obligations to the Group which may result in financial losses. Credit risk arises from on-balance sheet financial assets (including cash and cash equivalents, debt investments, trade debtors, and loans and advances to members) and from off-balance sheet financial assets (including on loans approved but not yet advanced (LANA)).

The Group's principal exposure to credit risk arises from its loan portfolio. The credit risk on the Group's other financial assets is considered to be low, as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term.

The Group's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as recognised on the balance sheet. In relation to off-balance sheet loan commitments, the maximum exposure to credit risk is the maximum committed amount as per the loan contract. The maximum credit risk exposure does not take into account the value of any security held or the value of any mortgage or other insurance taken out to mitigate the risk exposure.

In relation to loans, credit risk is managed by way of strict adherence to the credit assessment policies before loans are approved and close monitoring of defaults in the repayment of loans thereafter on a regular basis. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are creditworthy (capable of meeting loan repayments).

The Bank has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment, security requirements;
- Limits of acceptable exposure over the value to individual borrowers, non-mortgage secured loans, commercial lending and concentrations of geographic and industry groups considered a high risk of default;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the expected credit losses for loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies.

The Group holds collateral against loans and advances to customers in the form of mortgage interest over real property, other registered securities over assets and guarantees. To mitigate credit risk, the Group can take possession of the collateral held against the loans and advances as a result of customer default.

The Group lends predominantly to regional Queensland, and therefore is exposed to economic conditions in this geographic region. Factors such as unemployment and property prices can impact the credit risk of loans in this region. The maximum exposure to credit risk arising from loans originated in regional areas in Queensland at 30 June 2024 is \$2,401,053,000 (2023: \$2,073,922,000). There are no significant exposures to individuals or groups of individuals in the current or prior years.

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for the year ended 30 June 2024

3.7. Financial risk management – Cont.

(b) Credit risk – cont.

The Group does not use a credit grading system for loans and advances, and therefore the credit grade of loans within each portfolio is considered comparable. The Group's maximum exposure to credit risk on loans and advances by stage is shown below:

Bank and Group	Stage 1 12-month ECL Collective \$'000	Stage 2 Lifetime ECL Collective \$'000	Stage 3 Lifetime ECL Collective \$'000	Total \$'000
30 June 2024				
- Commercial	92,502	-	-	92,502
- Housing	2,433,504	11,874	3,238	2,448,616
- Personal	133,631	749	271	134,651
- Overdraft	21,907	5	12	21,924
- Credit cards	13,129	44	102	13,275
Gross carrying amount	2,694,673	12,672	3,623	2,710,968
Impairment provision	900	523	440	1,863
30 June 2023				
- Commercial	78,081	-	-	78,081
- Housing	2,110,585	10,293	1,792	2,122,670
- Personal	131,710	415	156	132,281
- Overdraft	24,313	-	511	24,824
- Credit cards	12,831	-	135	12,966
Gross carrying amount	2,357,520	10,708	2,594	2,370,822
Impairment provision	1,116	618	783	2,517

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments (e.g. borrowing repayments or member withdrawal demands). It is the policy of the Group to maintain adequate cash reserves and credit facilities so as to meet these commitments. This includes:

- Continuously monitoring actual and daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the prudential liquidity ratio daily.

Under the APRA Prudential Standards, the minimum requirement is to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 24 hours. The Group's policy is to maintain at least 11% of funds as liquid assets. The Group operated above these limits at all times during the current and prior year. The Group also has access to an overdraft facility through Indue Limited. These facilities as shown below are floating rate, and may be withdrawn at any time without notice:

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Overdraft facility approved	500	500	500	500
Overdraft facility used	-	-	-	-
Overdraft facility available	500	500	500	500

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for the year ended 30 June 2024

3.7. Financial risk management – Cont.

(c) Liquidity risk – cont.

The maturity profile of financial liabilities based on the contractual repayment terms is set out in the following table. The table shows the periods in which the financial liabilities mature. Contractual cash flows shown in the table are at undiscounted values (including future interest expected to be paid). Accordingly, these values may not agree to the carrying amounts.

Bank - Maturity profile of financial liabilities	Carrying amount \$'000	Total Cash flows \$'000	Within 1 month \$'000	1 – 3 months \$'000	3 – 12 months \$'000	1 – 5 years \$'000	Over 5 years \$'000
2024							
Financial liabilities							
- Deposits	2,924,789	2,933,113	1,989,814	257,588	680,901	4,810	-
- Borrowings	441,178	441,178	441,178	-	-	-	-
- Trade payables	1,433	1,433	1,433	-	-	-	-
- Trail commissions payable	8,300	8,300	138	277	1,245	6,640	-
- Unrecognised loan commitments	96,543	96,543	53,927	31,608	6,648	4,360	-
	3,472,243	3,480,567	2,486,490	289,473	688,794	15,810	-
2023							
Financial liabilities							
- Deposits	2,687,225	2,694,530	1,869,626	263,365	550,914	10,625	-
- Borrowings	503,015	503,015	456,786	-	46,229	-	-
- Trade payables	255	255	255	-	-	-	-
- Trail commissions payable	6,250	6,250	105	210	935	5,000	-
- Unrecognised loan commitments	83,620	83,620	46,708	27,377	5,758	3,777	-
	3,280,365	3,287,670	2,373,480	290,952	603,836	19,402	-
Group – Maturity profile of financial liabilities							
2024							
Financial liabilities							
- Deposits	2,924,789	2,933,113	1,989,814	257,588	680,901	4,810	-
- Borrowings	-	-	-	-	-	-	-
- Trade payables	1,433	1,433	1,433	-	-	-	-
- Trail commissions payable	8,300	8,300	138	277	1,245	6,640	-
- Unrecognised loan commitments	96,543	96,543	53,927	31,608	6,648	4,360	-
	3,031,065	3,039,389	2,045,312	289,473	688,794	15,810	-
2023							
Financial liabilities							
- Deposits	2,687,225	2,694,530	1,869,626	263,365	550,914	10,625	-
- Borrowings	46,300	46,229	-	-	46,229	-	-
- Trade payables	255	255	255	-	-	-	-
- Trail commissions payable	6,250	6,250	105	210	935	5,000	-
- Unrecognised loan commitments	83,620	83,620	46,708	27,377	5,758	3,777	-
	2,823,650	2,830,884	1,916,694	290,952	603,836	19,402	-

Notes to the financial statements

for the year ended 30 June 2024

3.8. Fair value measurement

(a) Fair value hierarchy

The Group measures fair values of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument. The quoted market price for financial assets is the current bid price;
- Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets and liabilities valued using:
 - Quoted market prices in active markets for similar instruments;
 - Quoted prices for identical or similar instruments in markets that are considered less than active; or
 - Other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using significant unobservable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

To the extent possible, assumptions used are based on observable market prices and rates at the end the reporting date. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There have been no significant transfers into or out of each level during the current or prior periods.

The only assets or liabilities carried at fair value by the Bank and the Group in the current and prior year are the equity investments measured at FVOCI. These are unlisted equity investments in Indue and Cuscal which are classified as level 3 in the fair value hierarchy. Measurement of the value of the shares has been made with reference to the net asset backing per share, taken from the most recent available audited financial statements of these entities.

Movements in level 3 of the fair value hierarchy – Unlisted equity investments

	Bank		Group	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Balance at the beginning of the financial year	10,804	9,641	10,804	9,641
Additions/(disposals)	-	-	-	-
Gains/(losses) recognised in other comprehensive income	(621)	1,163	(621)	1,163
Transfers into/(out of) Level 3	-	-	-	-
Balance at the end of the financial year	10,183	10,804	10,183	10,804

During the year, the Group and the Bank recognised \$(433,000) (2023: \$814,000) of fair value gains/(losses) on equity investments at FVOCI in the Statements of Profit or Loss and Other Comprehensive Income, net of tax.

During the year, the Group and the Bank recognised \$245,000 (2023: \$258,000) of dividends from equity investments at FVOCI in profit or loss (other income).

Notes to the financial statements

for the year ended 30 June 2024

3.8. Fair value measurement – Cont.

(a) Fair value hierarchy – cont.

Valuation approach	Unobservable inputs used	Fair value at 30 June 2024 \$'000	Fair value at 30 June 2023 \$'000	Relationship of unobservable inputs to fair value
Measurement of the value of the shares has been made with reference to the net asset backing per share, taken from the most recent available audited financial statements from the organisations.	Indue Director's valuation at 30 June 2024. The financial statements note that although the majority of assets are disclosed at cost, the cost is considered to be equivalent to fair value based on the short-term nature of the assets. 30 June 2024: \$489 per share 30 June 2023: \$555 per share	6,538	7,420	An increase/decrease of 15% (2023: 10%) on the net asset backing per share would result in an increase/decrease in the fair value by \$981,000 (2023: \$742,000)
	Cuscal Net asset backing per share at April 2023. The majority of assets are disclosed at fair value, and for those assets disclosed at amortised cost, it would be reasonable to expect the fair value would be equivalent to cost. 30 June 2024: \$1.81 per share 30 June 2023: \$1.68 per share	3,643	3,384	An increase/decrease of 10% on the net asset backing per share would result in an increase/decrease in the fair value by \$364,000 (2023: \$338,000)

(b) Financial instruments carried at amortised cost

The table below details the fair value of financial instruments carried at amortised cost, by classification per the statement of financial position and hierarchy level:

Bank	Level of hierarchy	30 June 2024		30 June 2023	
		Carrying amount \$000	Fair value \$000	Carrying amount \$000	Fair value \$000
Financial assets					
Cash and cash equivalents	2	67,700	67,700	93,630	93,630
Trade debtors	3	344	344	3,182	3,182
Debt investments	2	899,635	899,635	1,075,858	1,075,858
Loans and advances	3	2,721,615	2,728,926	2,377,785	2,379,355
		3,689,294	3,696,605	3,550,455	3,552,025
Financial liabilities					
Trade payables	3	1,433	1,433	255	255
Trail commissions payable	3	8,300	8,300	6,520	6,520
Deposits	2	2,924,789	2,925,052	2,687,225	2,686,116
Borrowings	2	441,178	441,178	503,015	503,015
		3,375,700	3,375,963	3,197,015	3,195,906

Notes to the financial statements

for the year ended 30 June 2024

(b) Financial instruments carried at amortised cost – cont.

Group	Level of hierarchy	30 June 2024		30 June 2023	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	2	78,151	78,151	189,093	189,093
Trade debtors	3	344	344	3,182	3,182
Debt investments	2	449,635	449,635	525,858	525,858
Loans and advances	3	2,721,615	2,728,926	2,377,785	2,379,355
		3,249,745	3,257,056	3,095,918	3,097,488
Financial liabilities					
Trade payables	3	1,433	1,433	255	255
Trail commissions payable	3	8,300	8,300	6,520	6,520
Deposits	2	2,924,789	2,925,052	2,687,225	2,686,116
Borrowings	2	-	-	46,300	44,702
		2,934,522	2,934,785	2,740,300	2,737,593

Valuation techniques used to value financial instruments carried at amortised cost include:

- Cash and cash equivalents, trade debtors, debt investments, trade payables, trail commissions payable and borrowings from securitisation activities – due to the short-term nature of these assets and liabilities their carrying amounts are considered to approximate their fair values.
- Loans and advances - for variable rate loans, the carrying value is considered to be a reasonable approximation of the fair value. The fair value for fixed rate loans was calculated by utilising discounted cash flow models based on the maturity of the loans. The discount rates applied were based on the current benchmark rate offered for the average remaining term of the portfolio as at balance date.
- Deposits – the fair value of at-call and variable rate deposits and fixed rate deposits repricing within twelve months approximates the carrying value. Discounted cash flow models based upon deposit types and related maturities were used to calculate the fair value of other term deposits. The discount rates applied were based on the current benchmark rate offered for the actual remaining term of the portfolio as at balance date.
- Borrowings (RBA Term Funding Facility) – The fair value of the RBA Term Funding Facility was calculated using a discounted cash flow model based on the maturity of the facility. The discount rates applied were based on the current benchmark rate offered for the remaining term of the facility.

3.9. Capital management

The Group's objective is to maintain sufficient capital resources to support business activities and operating requirements and to ensure continuous compliance with prudential capital ratios. To manage the Group's capital, the Group reviews the ratio monthly and monitors major movements in asset levels. Policies have been implemented which require reporting to the Board and the regulator if the capital ratio falls below 15.70% (2023: 14.25%)

The Group's capital ratios throughout the year were in compliance with both APRA minimum capital adequacy requirements and the Board-approved minimums. The Group is required to inform APRA immediately of any breach or potential breach of its minimum prudential capital adequacy requirements, including details of remedial action taken or planned to be taken.

The Group holds the following reserves as part of equity:

- FVOCI Reserve – Changes in the fair value of equity investments measured at FVOCI are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- Business Combination Reserve - recognises the net assets acquired on previous mergers.
- General Reserve - records funds set aside for future expansion of the Bank.

Notes to the financial statements

for the year ended 30 June 2024

4.1. Other assets

	Bank		Group	
	2024 \$'000	2023* \$'000	2024 \$'000	2023* \$'000
Accrued interest	2,701	2,352	2,701	2,352
Trade debtors	344	3,182	344	3,182
Sundry debtors	1,969	2,797	380	619
Prepayments	2,147	2,277	2,147	2,276
	7,161	10,608	5,572	8,429

*Comparatives have been restated to reflect prior period adjustments detailed in Note 1.5.

All other asset balances are expected to mature within 12 months after the reporting date for the Bank and the Group in both periods presented.

Accounting policies

Trade debtors are classified and measured as financial instruments at amortised cost. Accrued interest is recognised on an accruals basis. The remaining other assets are recognised on an accrual or service performed basis and amortised over the period in which the economic benefits of those assets are realised.

4.2. Property, plant and equipment

(a) Carrying amounts

	Bank	Group	Bank	Group
Land				
- At cost	6,711	6,052	8,514	7,855
Buildings				
- At cost	32,457	32,357	28,726	28,625
- Accumulated depreciation	(7,879)	(6,148)	(12,601)	(11,550)
	24,578	26,209	16,125	17,075
Leasehold improvements				
- At cost	9,049	9,342	9,049	9,342
- Accumulated amortisation	(8,293)	(8,887)	(8,293)	(8,887)
	756	455	756	455
Plant and equipment				
- At cost	8,102	7,506	7,956	7,360
- Accumulated depreciation	(4,040)	(3,601)	(4,040)	(3,601)
	4,062	3,905	3,916	3,759
Total property, plant and equipment	36,107	36,621	29,311	29,144

(b) Movements in carrying amounts

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant & Equipment \$'000	Total \$'000
Bank					
Balance at 1 July 2023	6,052	26,209	455	3,905	36,621
- Additions	659	167	578	1,349	2,753
- Disposals	-	-	(9)	(13)	(22)
- Depreciation expense	-	(1,798)	(268)	(1,179)	(3,245)
Balance at 30 June 2024	6,711	24,578	756	4,062	36,107
Balance at 1 July 2022	1,969	2,740	917	2,696	8,322
- Additions	4,083	24,513	88	2,120	30,804
- Disposals	-	-	(9)	(182)	(191)
- Depreciation expense	-	(1,044)	(541)	(729)	(2,314)
Balance at 30 June 2023	6,052	26,209	455	3,905	36,621

Notes to the financial statements

for the year ended 30 June 2024

4.2. Property, plant and equipment – Cont.

(b) Movements in carrying amounts – cont.

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant & Equipment \$'000	Total \$'000
Group					
Balance at 30 June 2023	7,855	17,075	455	3,759	29,144
- Additions	659	167	578	1,349	2,753
- Disposals	-	-	(9)	(13)	(22)
- Depreciation expense	-	(1,117)	(268)	(1,179)	(2,564)
Balance at 30 June 2024	8,514	16,125	756	3,916	29,311
Balance at 30 June 2022	8,042	18,421	1,081	3,467	31,011
- Additions	-	-	355	1,768	2,123
- Disposals	-	(33)	(9)	(182)	(224)
- Depreciation expense	-	(1,076)	(516)	(673)	(2,265)
- Disposed as part of discontinued operations	(187)	(237)	(456)	(621)	(1,501)
Balance at 30 June 2023	7,855	17,075	455	3,759	29,144

Accounting policies

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The depreciable amount of all property, plant and equipment including buildings but excluding freehold land, is depreciated over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements. The following are the rates of depreciation applied on a straight-line basis:

- Buildings 5.0%
- Plant & Equipment 2.5% - 33.3%
- Leasehold Improvements 10.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and recognised in profit or loss.

4.3. Lease arrangements

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the Statements of Financial Position

<i>Right-of-use Assets</i>				
Buildings	4,858	5,966	4,858	5,966
Equipment	1,002	836	1,002	836
	5,860	6,802	5,860	6,802

Lease Liabilities

Payable within 12 Months	2,608	2,489	2,608	2,489
Payable > 12 Months	3,234	4,538	3,234	4,538
	5,842	7,027	5,842	7,027

Additions to the Right-of-use assets during the 2024 financial year for the Bank were \$780,000 (2023: \$630,000), and for the Group were \$780,000 (2023: \$745,000).

Notes to the financial statements

for the year ended 30 June 2024

4.3. Lease arrangements – Cont.

(ii) Amounts recognised in the Statements of Profit or Loss

	Group		2023	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Depreciation charge on right-of-use assets				
Buildings	2,423	2,953	2,423	2,266
Equipment	374	251	374	259
	2,797	3,204	2,797	2,525
Interest expenses	365	419	365	411
Expense relating to short-term leases	45	164	45	166
Expenses relating to variable lease payments not included in lease liabilities	2	2	2	-

The total cash outflow for leases in 2024 for the Bank amounted to \$3,136,000 (2023: \$3,497,000), and for the Group amounted to \$3,136,000 (2023: \$2,949,000).

Accounting policies

(i) Lessee accounting

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is measured at the present value of the lease payments outstanding at commencement date, discounted using the Group's incremental borrowing rate applied to the lease term. The lease liability is then increased by the interest expense on the lease liability and decreased by the lease payments made. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease liability is remeasured where a change in future lease payments arises. When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right-of-use asset or in the profit or loss if the right-of-use asset has been fully written down.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of furniture and equipment.

(ii) Lessor accounting

The Group is a lessor of office facilities. The Group retains the leased assets, and accounts for operating leases by recognising income received (net of lease incentives provided to the lessee) on a straight-line basis over the term of the lease. Contingent rentals are recognised at the point in time that the underlying transaction is completed.

Notes to the financial statements

for the year ended 30 June 2024

	\$000	\$000	\$000	\$000
4.4. Other payables				
Accrued expenses	2,936	4,397	2,936	4,397
Employee entitlements – Annual leave	3,373	3,029	3,373	3,029
Trade payables	1,433	255	1,433	255
Other liabilities	4,235	2,144	4,275	2,142
Trail commissions payable	8,300	6,520	8,300	6,520
	20,277	16,345	20,317	16,343

Accounting policies

Liabilities for wages, salaries and bonuses and the value of fringe benefits received (including non-monetary benefits) that are expected to be settled wholly within twelve months of the end of the reporting period are recognised in other payables in respect of employee services provided to the end of the reporting period and are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Trade payables are short term payables due to the Group from other parties. These are initially measured at fair value, and subsequently at amortised cost using the effective interest method. Other liabilities and accruals are measured at the contractual amount payable.

The Group recognises a provision for trail commissions payable to brokers arising from the inception of underlying loan contracts. The costs associated with trail commissions payable have been capitalised as part of the total balance of loans and advances and are subsequently amortised through the profit or loss statement as effective interest income under the effective interest method.

Critical accounting estimates and judgments

The measurement of trail commission liabilities is dependent on assumptions about the behavioural life and future outstanding balances of the underlying transactions. A provision for trail commissions is only recognised to the extent that the Group can reliably estimate the future cash flows arising from a past event.

4.5. Provisions

Employee entitlements - long service leave	3,489	3,212	3,489	3,212
Make good provision	1,431	1,161	1,431	1,161
	4,920	4,373	4,920	4,373

Make good provision

The movements in the provisions were as follows:

- Carrying amount – opening balance	1,161	1,385	1,161	1,393
- Additional provisions raised during the year	270	106	270	116
- Amounts used	-	(330)	-	(330)
- Disposed as part of discontinued operations	-	-	-	(18)
- Carrying amount – closing balance	1,431	1,161	1,431	1,161

Accounting policies

Provisions are recognised for present obligations arising from past events where a payment to settle the obligation is probable and can be reliably measured. Where the time value of money is material, the amount of the provision is measured as the present value of expenditures required to settle the obligation, based on a market observable rate. Where a payment to settle an obligation is not probable or cannot be reliably estimated, no provision is recognised. Such obligations are disclosed as contingent liabilities.

Provisions for employee entitlements such as long service leave and annual leave that are not expected to be settled within twelve months of the end of the reporting period are measured at the present value of the expected future payments to be made in respect of services provided to the end of the reporting period. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted by reference to the appropriate corporate bond rates. Any remeasurements for changes in assumptions of obligations are recognised in profit or loss in the periods in which the change occurs.

Notes to the financial statements

for the year ended 30 June 2024

5.1. Discontinued operations.

On 3 November 2022, the Group announced its intention to sell its subsidiaries Queensland Country Health Fund Pty Ltd, and Queensland Country Care Navigation Pty Ltd, to HBF Wellness Holdings Pty Ltd (a subsidiary of HBF Health Limited). The sale completed on 30 June 2023, for consideration of \$158,931,000. The final sale price was determined in 2024 resulting in post settlement proceeds.

Financial information relating to the discontinued operations are as follows:

a) Financial impact of discontinued operations on the Group

	Group	
	2024	2023
	\$000	\$000
Other operating income	-	40,657
Operating expenses	-	(18,335)
Net profit before income tax	-	22,322
Income tax expense	-	(5,238)
Net profit after income tax and after transaction and separation costs	-	17,084
(Losses)/gains on disposals of businesses net of transaction and separation costs	316	30,461
Net (loss)/profit after income tax from discontinued operations	316	47,545

b) Details of the sale of the subsidiaries

Consideration received or receivable:

Cash	451	158,931
Fair value of contingent consideration	-	-
Total disposal consideration	451	158,931
Carrying amount of net assets sold	-	(78,166)
Gain on sale before income tax	451	80,765
Income tax expense	(135)	(47,575)
Gain on sale after income tax	316	33,190

c) Exposure to divested business

The Group has potential exposures to divested business, including indemnities and warranties. The exposure may have an adverse impact on the Group's financial performance and position. The Group will recognise provision when the payments in relation to the exposure are probable and could be reliably measured.

	Bank		Group	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
5.2. Auditor's remuneration				
Auditor Remuneration PricewaterhouseCoopers Australia:				
Auditing of financial statements	323,500	425,000	323,500	425,000
Other assurance services				
- audit and review of prudential returns	67,000	72,000	67,000	72,000
- accounting services	-	29,580	-	29,580
- other assurance services	24,000	103,500	24,000	103,500
Taxation services	-	57,345	-	57,345
Total	414,500	687,425	414,500	687,425

Notes to the financial statements

for the year ended 30 June 2024

	Bank		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
5.3. Commitments				
(a) Customer funding commitments				
- Loans approved but not funded	96,543	83,620	96,543	83,620
- Undrawn overdraft, line of credit and visa facilities	60,335	60,696	60,335	60,696

In the normal course of business, the Group makes commitments to extend credit to its customers. Most commitments either expire if not taken up within a specified time or can be cancelled by the Group within one year. Credit risk is significantly less than the notional amount and does not crystallise until a commitment is funded.

(b) Future capital commitments

In the current and prior years there were no future capital commitments under contracts for expenditure that have not been recognised on the balance sheet.

5.4. Related party transactions

a) Key management personnel

Key management personnel include those that have held the position of Director or in Executive Management at any time during the year, and are considered as having authority and responsibility, either directly or indirectly for planning, directing and controlling the activities of the Group.

(i) Remuneration of key management personnel (KMP)

Compensation of KMPs in total and for each of the following categories was as follows

	\$	\$	\$	\$
- short term employee benefits	3,183,976	2,733,072	3,183,976	2,733,072
- post-employment benefits – superannuation contributions	350,237	286,972	350,237	286,972
- other long-term benefits – net increase/(decrease) in long service leave provision	11,092	84,378	11,092	84,378
- terminations	-	-	-	-
Total	3,545,305	3,104,422	3,545,305	3,104,422

(ii) Loans to KMPs and their close family members

The Group's policy for lending to KMPs is that all loans are assessed on an individual basis and approved in accordance with terms and conditions that applied to members for each class of loan. There are no benefits or concessional terms and conditions applicable to the close family members of the KMPs. There are no loans that are impaired in relation to the loan balances with KMPs. There are also no loans that are impaired in relation to the loan balances with close family relatives of KMPs.

The aggregate value of loans at year end	14,440,607	9,976,737	14,440,607	9,976,737
The aggregate value of other credit facilities at year end	86,000	104,000	86,000	104,000
Amounts drawn down included in the aggregate value	(36,103)	(22,980)	(36,103)	(22,980)
Net balance available	49,897	81,020	49,897	81,020

During the year, the aggregate value of loans disbursed amounted to:

- Term loans	7,738,665	1,971,991	7,738,665	1,971,991
	7,738,665	1,971,991	7,738,665	1,971,991
Interest and other revenue earned on loans and revolving credit facilities	454,499	273,060	454,499	273,060

Notes to the financial statements

for the year ended 30 June 2024

5.4. Related party transactions – Cont.

a) Key management personnel – cont.

(iii) Other transactions with KMPs and their close family members

KMPs have received interest on deposits with the Group during the financial year. Interest has been paid on terms and conditions no more favourable than those available on similar transactions to members of the Group.

	Bank		Group	
	2024 \$	2023 \$	2024 \$	2023 \$
Total value of deposits at year end	1,731,929	2,525,700	1,731,929	2,525,700
Total interest and fees paid on these deposits	26,715	23,922	26,715	23,922

The Bank's policy for receiving deposits from other related parties, and in respect of other related party transactions, is that all transactions are approved, and deposits accepted on the same terms and conditions that apply to members for each type of deposit. There are no other benefits paid or payable to the close family members of the KMPs. There are no service contracts to which KMPs, or their close family members are an interested party.

(iv) Transactions with other entities related to KMPs

A number of key management personnel (KMP) hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with Queensland Country Bank Limited in the reporting period. The terms and conditions of the transactions with key management personnel related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with entities not related to key management personnel on an arm's length basis.

There were no loans provided during the year relating to related parties of the KMP.

The aggregate amounts of deposits with Queensland Country Bank Limited during the year relating to related parties of the KMP were as follows:

Deposits from KMP related entities	Closing Balance \$	Opening Balance \$	Total deposit interest \$	Number of deposits
2024	4,970,243	22,509	272,604	10
2023	22,509	-	70	2

b) Subsidiaries

The parent entity is Queensland Country Bank Limited. Particulars in relation to subsidiaries are outlined below:

Name of entity	County of incorporation	2024 %	2023 %
MTG QCCU Trust Repo Series No. 1	Australia	100	100

(i) Transactions with subsidiaries

Transactions with the subsidiaries are on normal commercial terms and conditions unless otherwise stated. Transactions during the year comprised:

	2024 \$'000	2023 \$'000
- Balance of Notes - MTG QCCU Trust Repo Series No. 1	450,000	550,000
- Interest received on Notes - MTG QCCU Trust Repo Series No. 1	23,532	20,934
- Servicing and Custodian fee received - MTG QCCU Trust Repo Series No. 1	910	857
- Securitisation Income - MTG QCCU Trust Repo Series No. 1	4,376	4,693
- Balance of Borrowings - MTG QCCU Trust Repo Series No. 1	441,178	456,715
- Interest paid on Borrowings - MTG QCCU Trust Repo Series No. 1	26,436	23,644
- Receivable - MTG QCCU Trust Repo Series No. 1	1,589	2,134

Notes to the financial statements

for the year ended 30 June 2024

5.4. Related party transactions – Cont.

b) Subsidiaries – cont.

(ii) Securitisation

Internal securitisation arrangements enable the Bank to raise funds from the RBA utilising its loans and advances as the underlying security. The Bank has retained substantially all the risks and rewards of ownership of the relevant loans and advances as it has retained credit risk and interest rate risk.

Due to the retention of substantially all the risks and rewards of ownership, the Bank continues to recognise the transferred assets within loans and advances and the transfer is accounted for as a secured financing transaction. The Bank assigned mortgage secured loans to the securitisation entity during 2024 amounting to \$85,102,000 (2023: \$249,805,000). The total assigned mortgage secured loans to the securitisation entity amounted to \$441,178,000 (2023: \$456,715,000) at 30 June 2024. This is also the carrying amount of associated liabilities held.

The Bank collects the cash receipts relating to the loans and advances and passes these receipts on to the MTG QCCU Trust Repo Series No. 1. The Bank cannot use the transferred assets as they have been transferred to the Trust and pledged as security for securities issued by the Trust.

All transactions between the Bank and the Trusts are eliminated on consolidation.

Accounting policies

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Where these criteria are not met, then the assets are not de-recognised.

Where the assets are derecognised, the Group also recognises separately as assets or liabilities any rights and obligations created or retained in the transfer. In addition to this, the Group may receive any residual income of the securitisation program once all associated costs have been met. The residual income is recognised as revenue when received. The timing and amount of cash flows and any residual income to be earned cannot be reliably measured because of the significant uncertainties inherent in estimating future repayment rates on the related mortgage loans and the associated loan interest margins. Consequently, any residual income receivable has not been recognised as an asset and no gain is recognised on sale of the housing mortgage loans. Any associated income or expenditure is recognised when receivable or payable.

The Trustee of the securitisation program has funded the purchase of housing mortgage loans through the issue of securities. The securities issued by the Trust do not represent deposits or liabilities of the Group. The Group does not guarantee the capital value or performance of the securities, or the assets of the Trust. The Group does not guarantee the payment of interest or the repayment of principal due on the securities. The Group is not obliged to support any losses incurred by investors in the Trust and does not intend to provide such support. The Group has no right to repurchase any of the securitised loans.

5.5. Events occurring after the reporting date

There are no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, or state of affairs of the Bank or the Group in subsequent financial years.

Consolidated entity disclosure statement

as at 30 June 2024

Consolidated Entity Disclosure Statement

As at 30 June 2024

At 30 June 2024, the following entities were part of the Group's consolidated entity disclosure statement:

Name of entity	As at 30 June 2024					
	Type of entity	Trustee, partner or participant in JV	% of share capital	Place of business / country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Queensland Country Bank Limited	Body corporate	-	100	Australia	Australian	n/a
The MTG QCCU Trust Repo Series No. 1	Trust	-	100	Australia	Australian	n/a

Directors' Declaration

for the year ended 30 June 2024

DIRECTORS' DECLARATION

The directors of Queensland Country Bank Limited declare that:

- (a) The financial statements, comprising the statements of profit or loss and other comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity and accompanying notes are in accordance with the Corporations Act 2001, and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the Bank and of the Group;
- (b) The Bank and the Group have included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
- (c) The consolidated entity disclosure statement is true and correct; and
- (d) In the directors' opinion, there are reasonable grounds to believe that Queensland Country Bank Limited will be able to pay its debts as and when they become due and payable.

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



L. Ramsay, Chair
Dated this 26th day of September 2024

Independent auditor's report

for the year ended 30 June 2024

Independent auditor's report

To the members of Queensland Country Bank Limited

Our opinion

In our opinion:

The accompanying financial report of Queensland Country Bank Limited (the Bank) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Bank's and Group's financial positions as at 30 June 2024 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Bank and Group financial report comprises:

- the Bank and Group statements of financial position as at 30 June 2024
- the Bank and Group statements of changes in equity for the year then ended
- the Bank and Group statements of cash flows for the year then ended
- the Bank and Group statements of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

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 for the audit of the financial report* section of our report.

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

Independence

We are independent of the Bank and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

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Independent auditor's report cont.

for the year ended 30 June 2024

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Bank are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Bank and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Queensland Country Bank Limited for the year ended 30 June 2024 included on Queensland Country Bank Limited's web site. The directors of the Bank are responsible for the integrity of Queensland Country Bank Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.


PricewaterhouseCoopers


Kristy van Horck
Partner

Brisbane
26 September 2024



Queensland Country Bank



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