Queensland Country Bank

ANNUAL REPORT
2022-2023

We help Members in our communities
live better lives through better financial well-being

Contents

Queensland Country
Bank | Health Fund
Queensland Country
Bank | Health Fu
Crackles
Queensland Country
8719
8716
8788

Bank financial highlights

	2023	2022	
Net Assets	$350.3M	$200.5M	74.72% growth
Total Assets	$3.61B	$3.24B	11.47% growth
Gross Loan Balances	$2.37B	$2.19B	8.17% growth
Total Deposits	$2.69B	$2.53B	6.14% growth
Capital Adequacy	24.50%	15.30%	9.20% increase
Profit Before Tax	$200.6M	$14.9M	185.7m growth
Profit After Tax	$149.8M	$12M	137.8m growth

Annual Report 2022-2023 Queensland Country Bank Limited And Subsidiaries ABN 77 087 651 027

Chair and CEO report

The completion of the 2022/23 financial year provides an opportunity to reflect on how the Bank has performed, and how we have been able to add value for Members. It has been a year punctuated by 12 Reserve Bank cash rate increases, that have provided deposit holders with some welcome improvement to their investment returns, while also (I am sure) causing some concern for mortgage holders who are starting to feel the impact of higher loan repayments.

Queensland Country saw high demand for new home loans as Queenslanders were active buying and selling properties, which has resulted in record lending levels for the financial year. Our involvement as a panel lender for the First Home Guarantee, which is a part of the Australian Government Home Guarantee Scheme, has enabled us to continue supporting first home buyers with the purchase of their first home which in November 2022 was extended to the Regional First Home Buyer Guarantee. We are proud to announce that Queensland Country Bank was the first bank in the country to fund the purchase of a first home to Members who accessed the new Regional First Home Buyer Scheme.

There has been considerable focus on lending over the past few years as we look for ways to increase our lending volumes and therefore how we can help our Members purchase houses and cars and make business investment. This has included improving our lending rates and features of our loan products. We are also putting in place more support for our lending staff from a training and development perspective.

This effort and focus saw Queensland Country Bank achieve another record lending result for the year with $657m in new loans issued.

This financial year has been a year of investment and change for the business.

On 3 November, Queensland Country Bank announced we'd sell our Health Fund business to HBF, the second largest not-for-profit mutual Health Fund in Australia and based in Western Australia. The sale of Queensland Country Health Fund to HBF was completed successfully on Friday, 30 June with a smooth transition for Members and staff and we would like to commend everyone on doing an amazing job.

Importantly this move ensures that long term, there will be even better career opportunities for Health Fund staff, and Members will have access to affordable health insurance delivered with excellent service.

This has been one of the most significant changes Queensland Country has ever embarked on.

The **'Operational Efficiency and Innovation' section of this report on page 24** dives further into what the sale of the health fund will enable the Bank to deliver, focusing on three major projects that have commenced which will build the digital foundations of the Bank. These projects will make us more capable, efficient, and competitive, enabling us to deliver even more value to Members.

The success of the Bank during the year is underpinned by the dedication and commitment of our 409 staff. To ensure we are providing the best workplace for our staff, we conduct an annual staff engagement survey to understand what we are doing well as an employer and where we can improve. The Staff Engagement Survey provides us with some insight about how staff think and feel about Queensland Country. The results from the most recent survey were excellent demonstrating an engagement score of 79%, which is equal to our best result ever, with 96% of staff rating Queensland Country a truly great place to work.

Our success is also supported by a capable and experienced Board which maintains a strong focus on the Bank's future and the many communities we serve, as well as other critical governance issues such as sustainability and our impact on the environment.

During what was a busy year, it was important to take some time to celebrate what has been achieved with our people at our staff Regional event. Our Regional events are somewhat of a tradition at Queensland Country, where we have all staff come together in Townsville so we can provide a conference style experience for our staff, sharing business updates and professional development.

Our commitment to face-to-face services will continue and expand across regional areas to ensure we remain relevant to our Members' serviceability needs.

A real highlight for us this year has been our progress towards becoming a genuine business bank. The Business Banking team has been very busy this year with strong interest from the business community, that has resulted in a number of new Members joining Queensland Country and strong loan fundings via this channel. Business Banking will continue to become a larger and more important part of our business. Our success to date demonstrates that businesspeople are looking for a bank that can offer personal service with experienced staff.

Product development has been a focus last financial year, with Queensland Country being recognised by review channels which provides encouragement that we are on the right path while also strengthening digital proof points that we are a trusted and quality bank.

Our Bank is successful because of the support we receive from the communities we operate in and one way that we repay this support is via our Good for Good Community Grants program. During the year we approved nine community grant applications to the value of $130,000. One grant was provided to the Vinayak Cultural Centre which has been established by the Indian community in Townsville and this is used to celebrate Indian culture and traditions. This community group has privately funded their community centre up to now, and our grant is the first grant they have received which will assist with building improvements at the centre.

Queensland Country has recognised that we have the capacity to help beyond our Good for Good Community Grants, and we have now formed a partnership with Litehaus. We are proud to share that all equipment being replaced during our migration to a new cloud solution and hardware upgrade, will be donated to Litehaus to enable them to help even more Queensland communities. That's over 400 computer terminals, all cables, monitors and laptops that needed replacing that not only won't end up in landfill, but they will also actively support communities. The first delivery has already been received by Litehaus and is being put to use.

As an organisation with representation in many regional Queensland communities, it makes sense that we play our part in Australia's reconciliation with First Nations people. An important step we have taken in our contribution to this has been the development of a Reconciliation Action plan.

This initial plan is built upon the key pillars of relationships, respect and opportunity and focuses on creating actions that promote respectful relationships with local Aboriginal and Torres Strait Islander communities and fosters opportunities in supplier diversity, Aboriginal and Torres Strait Islander recruitment and cultural learning. Where we can have the most impact is providing employment opportunities for First nations people and increasing the awareness of Aboriginal culture. These are key areas we will progress over the next 12 months.

With the completion of the financial year, we are pleased to report that our Bank has finished the year as one of its most successful ever. Not only has the Bank achieved record lending results, strong growth in assets and improvement in profitability, this has been achieved while the organisation and our staff have been dealing with some considerable change that included the sale of the Health Fund and a change to our digital payments provider, along with changes to IT systems.

The new financial year will see the Bank making progress in its digital transformation that will result in further improvements in digital services for Members and a more efficient organisation. The Bank will also move forward with further expansion as it pursues its vision to be 'Queensland's best regional bank'.

Profit and Loss
at a glance

The 2022–23 Financial Year

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Interest Income	$142,612	$75,368	$121,678	$70,632
Interest Expense	-$75,049	-$19,195	-$53,898	-$14,371
Net Interest Income	$67,563	$56,173	$67,780	$56,261
Other Income	$64,322	$39,243	$13,365	$14,006
Disposal of Investment in subsidiaries	$158,931	-	-	-
Impairment Recovery	$185	$537	$185	$537
Operating Expenses	-$90,374	-$81,072	-$71,868	-$62,359
Profit before income tax	$200,627	$14,881	$9,462	$8,445
Income Tax Expense	-$51,650	-$3,333	-$4,165	-$3,333
Net profit afer tax from continuing operations	$148,977	$11,548	$5,297	$5,112
Net profit afer tax from discontinued operations	-	-	$47,545	$8,191
Net profit for the year	$148,977	$11,548	$52,842	$13,303
Other comprehensive income after tax	$814	$434	$814	$434
Profit after tax	$149,791	$11,982	$53,656	$13,737

	Bank			
	2022/2023	**2021/2022**	**2020/2021**	**2019/2020**
Net Interest Income	$67.6m	$56.2m	$52.3m	$48.8m
Profit (after tax)	$149.8m	$12.0m	$7.9m	$5.3m

Bank financial highlights

Profit and Loss commentary

Operating Profit

This year was an extraordinary year for the Bank with the sale of its subsidiary, Queensland Country Health Fund. Excluding the proceeds from this sale, the Bank's Profit before income tax increased from $14.9m to $41.7m which included a dividend from the Health Fund of $28.5m. 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 2.03%, an increase from the prior year of 1.80%. An interesting year with the Reserve Bank of Australia (RBA) increasing interest rates a record breaking twelve times since May 2022 to 4.10%. Managing interest margin is always a focus, finding the balance between the interests of borrowers and depositors can be challenging, however we endeavour to offer market competitive rates for all our Members. We are pleased that we have been able to recoup some of the margin lost from the difficult interest rate environment of previous years.

Other Income

Other income for the Bank increased from $39.2 million to $64.3 million, the main contributor being dividend income with a $28.5 million dividend received from the Health Fund.

Operating Expenses

Operating Expenses for the Bank increased from $81.1 million to $90.4 million. Increases were mostly a result of Employee costs and Information Technology costs. These costs continue to increase as we invest in our people, and technology. 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 $0.5 million to $0.2 million. 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 2022–23 Financial Year

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Cash and Investments	$1,180,292	$1,025,183	$723,577	$660,586
Property, plant and equipment	$43,423	$16,551	$35,946	$42,462
Loans to Members (net of provision)	$2,377,785	$2,188,742	$2,377,785	$2,188,742
Other assets	$11,869	$11,131	$11,777	$12,528
Total Assets	$3,613,369	$3,241,607	$3,149,085	$2,904,318
Deposits from Members	$2,687,225	$2,531,816	$2,687,225	$2,507,986
Borrowings	$503,015	$484,616	$46,300	$46,254
Payables and Provisions	$72,857	$24,694	$72,855	$61,029
Total Liabilities	$3,263,097	$3,041,126	$2,806,380	$2,615,269
Net Assets	$350,272	$200,481	$342,705	$289,049

	Bank			
	2022/2023	**2021/2022**	**2020/2021**	**2019/2020**
Gross Loans to Members	$2,370.8m	$2,191.8m	$2,048.7m	$1,879.4m
Deposits from Members	$2,687.2m	$2,531.8m	$2,351.6m	$2,114.0m
Total Assets	$3,613.3m	$3,241.6m	$3,031.5m	$2,872.0m
Net Assets	$350.3m	$200.5m	$188.5m	$179.5m
Capital Adequacy	24.50%	15.30%	15.33%	15.73%

Balance Sheet commentary

The Total Assets for the Bank increased by 11.47% to $3.6 billion, including an increase in Investments from the Sale Proceeds of the Health Fund.

Record lending levels for the business, resulted in Total loans growing by 8.17% to $2.4 billion. This strong growth for the Bank was a pleasing result, particularly given the increase in interest rates and cost of living throughout the year.

Queensland Country's funding is sourced primarily from Members. Approximately 97% of deposits are from Members, 1% from Wholesale deposits from other financial institutions and 2% from the RBA Term Funding Facility. Deposits increased by 6.14% from $2.5 billion to $2.7 billion during the year.

Total Equity for the Bank increased by $149.8 million to $350.3 million.

With continued high levels of member deposits, liquidity levels remained well above prudential requirements, averaging 18.62% of adjusted liabilities and finishing at 20.96% at 30 June 2023. The Bank continues to have access to an Internal Securitisation Trust, a facility established to be used as an emergency liquidity backstop. This arrangement enables the Bank to raise funds from the RBA, utilising its loans and advances as the underlying security.

Queensland Country'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 $350.3 million. Total capital adequacy percentage increased significantly from 15.30% to 24.50%. Approx 7.4% of this increase was due to the Sale of the Health Fund. 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.

Our commitment to sustainability

Our commitment to sustainability goes beyond good intentions; it is a critical commercial decision. Societal demand and government policy is rapidly shifting. Scientific models agree on climate impacts and our regulators have called out the need to model and manage identified risks more effectively.

Queensland Country has a long history of caring for its people and communities, which now includes formalising processes to enhance accountability and transparency in environmental and social commitments. As a participant in the United Nations Global Compact initiative, our commitment to aligning our operations and strategies with the Ten Principles of the UN Global Compact, demonstrates our dedication to creating a better world. Moreover, we are actively involved in the Australian Network (UNGCNA), emphasising our commitment to these principles.

Following our Sustainability Statement being endorsed by the Board and embraced throughout the organisation in June 2022, environmental and social impacts and objectives have been incorporated clearly into our strategy, together with the new Sustainability Governance Framework.

At Queensland Country we think global and act local while acknowledging how small steps by many of us can achieve lasting change, with our staff leading the way to implement sustainability initiatives state-wide throughout our head office, contact centres and branches.

In early 2023, our IT department teamed up with Litehaus International, a recipient of our Good for Good Community Grant this year. Litehaus International played a crucial role in recycling our IT equipment through our major infrastructure project. Remarkably, very little was classified as true e-waste, as most items were either repurposed or recycled.

Queensland Country generously donated all functional Wyse terminals, cables, decommissioned laptops, mice, and keyboards to Litehaus, helping connect communities to the internet and promoting digital inclusion. This initiative also aligns with Endeavour's mission to protect the environment and create job opportunities for Australians with disabilities.

Another key sustainability initiative Queensland Country begun is the rollout of phase three of our new Modc sustainable business cards, for Broker, Business Development, Branch and Local Area Managers. These cards have already been successfully trialled in head office and select regional locations. These are the sustainable future of business cards; not only are they better for the environment they have genuine commercial application:

- No more mass printing which is wasteful and heavy on resources including water
- Update in real time if you change phone, email or even roles, no need to waste $ and resources to re-order
- Professional appearance and connected to your LinkedIn account
- Straight to their contacts list and out of landfill
- Easy to use and save $$ and the planet

Every single team at Queensland Country has contributed to our sustainability achievements with our approved Board Sustainability Policy flowing through Management and Operational policy and all our business areas are working to further embed sustainable practice into our "business as usual."

Queensland Country introduced the Containers for Change initiative at our Head Office, and it's now expanding network wide. We've set up designated collection points where the funds from recyclable cans and bottles go to charitable causes. Furthermore, we've implemented battery recycling programs and introduced community carts at both our Townsville head office and Brisbane office. These carts provide reusable bags and keep cups, making it simpler for everyone to make sustainable choices. This aligns with our core goal of making sustainable choices easier for all.

Our Payments Project team have rolled out new planet friendly cards (made from 82% recycled plastic) and helped our Members recycle their old cards. Our Facilities team began replacing our corporate vehicles with the first hybrid vehicles with a commitment to a fully electric fleet by 2030.

Within our community, we've continued our commitment to environmental sponsorships. This includes our support for the Centacare School Savvy Program, aimed at preventing school uniforms from ending up in landfills and assisting financially challenged families. Additionally, our staff participated in the Great Barrier Reef Clean-up in October, partnering with the Tangaroa Blue Foundation. Together, we contributed to the cleanup efforts, removing a significant amount of plastic waste from our oceans.

Our future certainly is bright at Queensland Country as we continue to roll out further sustainability initiatives with undertaking our first ever scope one and two Greenhouse Gas Inventory; this is sometimes referred to as our 'carbon footprint'. We will measure and share the impact we have by publishing an annual report on our environmental and social impact and then work to set reduction goals.

We will continue our focus on thinking global but acting local by seeking Member feedback through survey and focus groups to understand what matters to them most and how we can best support our Members. We need to ensure that the transition to a lower carbon economy is just and doesn't leave any of our communities behind. Our second all staff sustainability survey was launched to help understand what matters most to them.

As an organisation that puts the needs of its Members first, it's in our core values to make a positive impact on the world. We're committed to integrating sustainability into our business. Additionally, we're determined to address important social issues, such as creating a plan to recognise the significant role of Aboriginal and Torres Strait Islander culture in our workplace and our nation as a whole. To this end we released our first Reconciliation Action Plan (RAP) which you can read more about in **'People, culture, engagement' section on page 26.**

At Queensland Country, we'll take action to reduce our own greenhouse gas emissions. We understand that our growth is closely tied to the well-being of our communities, and we'll support them as they transition to more sustainable practices.

While there's still much work to be done, we believe that together, we can lead the way towards a more sustainable future.

Business Growth

We experienced high levels of Member growth with over 11,000 new Members joining Queensland Country's community. Our total Membership is now 119,118, including approximately 25,000 from our south east Queensland region.

Queensland Country's growth strategy is member-focussed and underpinned by our commitment to provide face-to-face bank services in regional areas which continues to stand us apart from our competition. This issue has been more visible in the media this year with public hearings for the Senate Inquiry into bank closures in regional Australia. Our Members continue to express the importance of branches in regional Queensland, and we see increases in demand for our services as other banks make the decision to close branches in regional towns.

We have 28 branches across Queensland that all have lending staff which has made it easier for our Members to access assistance regarding borrowing for a home or personal loan. Last year we opened a lending centre in Maroochydore on the Sunshine Coast to expand our presence in this area, following the addition of our branch at Maleny a few of years ago now. The Sunshine Coast is a high growth regional area of Queensland that has been identified as an area of expansion for Queensland Country. The challenge and opportunity in achieving our vision is achieving cut through in south east Queensland and we have already seen strong demand for our products and services in these locations.

As an organisation that puts people ahead of profits, we understand that each Member has their preferred way of doing business with us. Therefore, we have further invested and expanded our distribution channels including our regional branch network, business banking, digital banking, our broker channel, and our local contact centres. As pressures from the rising cost of living punctuated the year, we increased our budgeting support through our Money Mentors service and SmartBudget bill paying tool to help our Members with their budgeting and lending needs, so they continued towards their financial goals.

A real highlight this year has been our considerable progress towards becoming a genuine business bank since commencing this journey three years ago. This year we experienced strong loan fundings of $70m across medium to large scale projects in the North Queensland region.

We have seen our major competitors consolidate their service to metropolitan areas, and in some respects move away from providing face-to-face service for businesspeople. We believe we are well placed to support businesspeople in regional areas, having experienced accessible business banking managers on the ground, who have discretion to support day-to-day banking needs by providing personal service in our communities. We currently have two business banking managers based in Townsville and have recently appointed new business banking managers in both Mackay and Cairns, with further expansion planned.

To further improve banking and benefits for our Members we introduced our new credit card rewards program called 'My Rewards'. Our personal and business Visa My Rewards Credit Cards feature a low purchase rate, low cash advance rate with no cash advance fee, and a low annual fee, plus a rewards program that gives you cash back when you make purchases.

For the first time, Queensland Country introduced a Boat Loan product (new and near new) and made changes to its product features that improved our competitiveness such as multiple offset facilities and redraw on investment lending.

Product offers on our existing 'green' product suite received positive interest in the financial year. Our innovative Green Car Loan, which is responsible for putting over 50 green vehicles on the road, has duly earned recognition through awards like the Mozo Experts Choice and Canstar's inaugural 2022 Outstanding Value Green Car Loan award – we were one of only four institutions to receive this award in Australia. Canstar and Mozo are product comparison companies that assess financial services.

We continued to develop our products to ensure they meet the future needs of Members with our Green Reno Loan rewarding members opting for energy-efficient home improvements with an interest rate significantly lower than our standard Reno Loan.

At Queensland Country, we believe offering our 'green' product suite will enable the Bank to be a leader in this important social change helping to reduce barriers for consumers and our Members to make purchases that have a lower impact on the environment.

The WeMoney Banking awards recognise Australia's best banking products and innovators in the market and is a trusted source of information for financial products with Gen Z and Millennial Australians. It is an online platform that provides independent assessment and ratings of banking products across the banking sector. Queensland Country received awards for the following products:

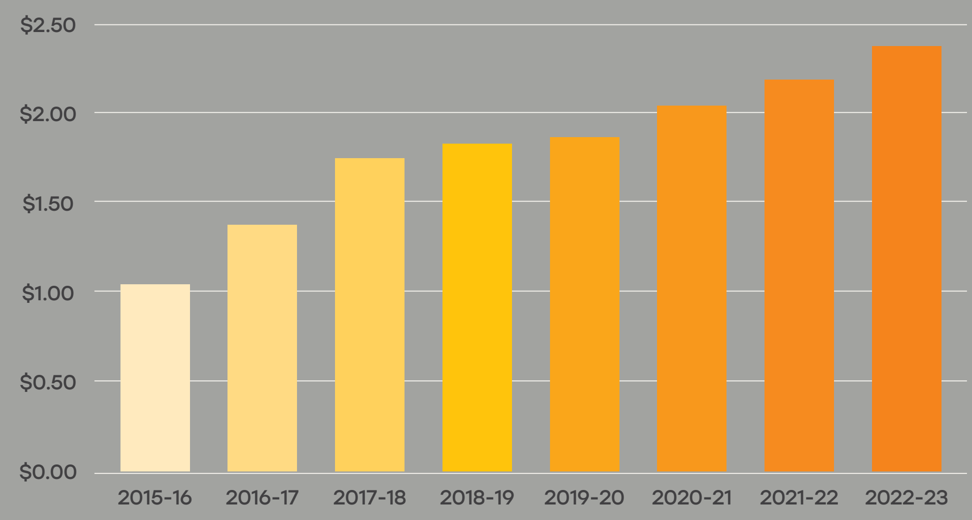
- Winner - Best for Quality - Car Loans
- Winner - Best Low Deposit Home Loan
- Winner - Best for Investors - Home Loans
- Winner - Outstanding Customer Service - Credit Cards
- Winner - Outstanding Customer Service - Transaction Accounts

These awards are important for us as they demonstrate we are providing very competitive and good value products for our Members and importantly the product awards have been for lending products and our customer service.

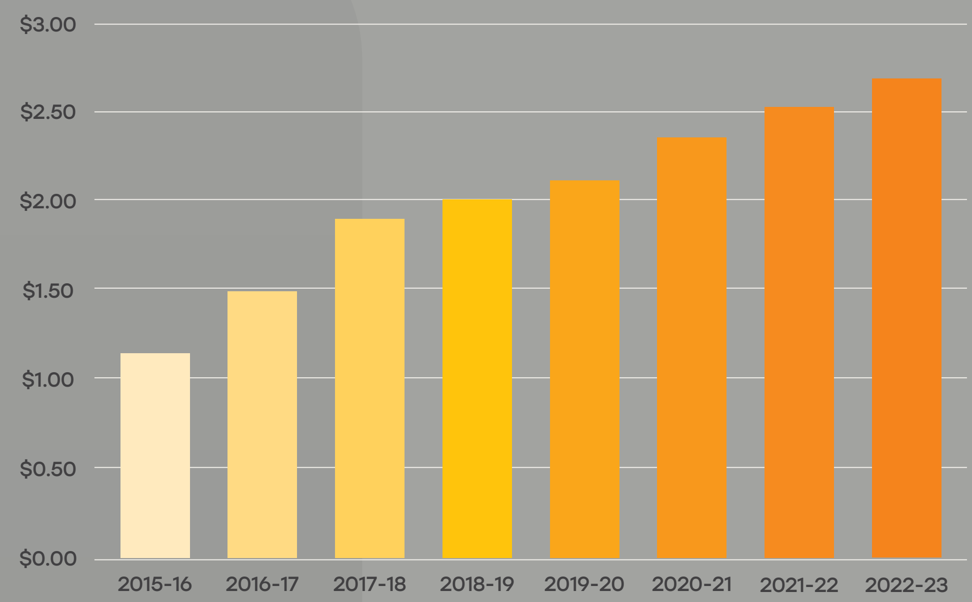
"We believe we are well placed to support businesspeople in regional areas, having experienced accessible business banking managers on the ground."

We were also awarded a Mozo Experts Choice Award and Canstar's Outstanding Value Investment Home Lender for our Ultimate Home Loan Package, which demonstrates the excellent value our home loan products offer residential investors. This has surely contributed to the record lending result that has been achieved this financial year, with $657m in new loans issued to help our Members purchase houses and cars and make investments in their business.

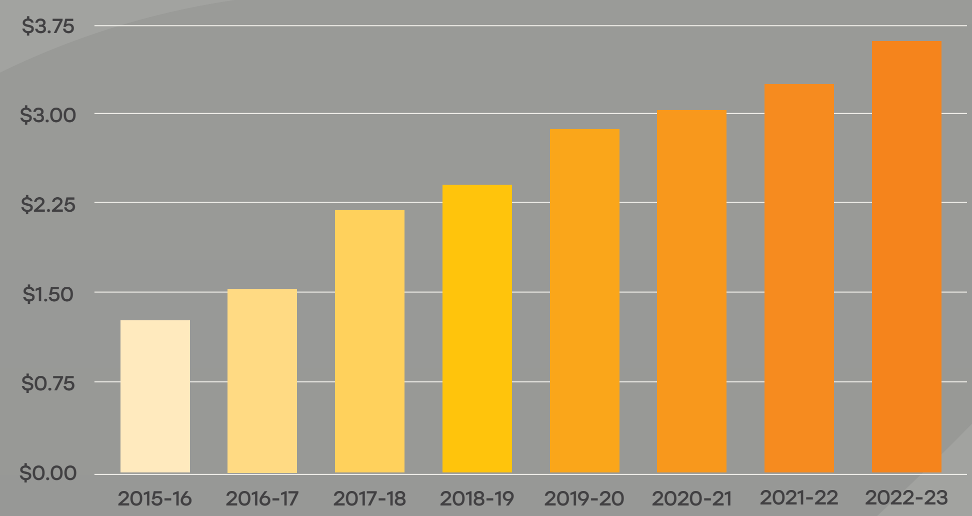
Total Loans ($billion)



Total Deposits ($billion)



Total Assets ($billion)



"Providing a safe environment for the youth to engage in cultural art and craft activities is important.

This funding from Queensland Country Bank will go a long way in achieving this and is a true reflection of supporting local community by walking the talk."

SAYS SHASHIDHAR MOORTHY, DIRECTOR OF SSVCC.

Members and Community

We are known for our personal service, being honest and trustworthy and importantly for the significant contribution we make in all the communities we operate in. So it is with no surprise that giving back to the communities that support us is a key priority for Queensland Country Bank. One of the ways we do this is by providing community grants across the state to not-for-profit clubs and associations. The funding of these projects will improve people's lives and is just another way that Queensland Country gives back to our communities.

This financial year, we've had the pleasure to share in many of the successes of our community making positive change and partners from Cape York to Stanthorpe and everywhere in between. With a record number of applications in 2022-23, our Good for Good Community Grant Program resulted in nine community projects across Queensland receiving a share of $130,000 - the largest ever amount of funding from the program in a single year. Each project benefiting their respective communities across a variety of areas including health, sport and recreation, education, environment, and arts and culture.

We were pleased to witness the effective use of the funding by clubs and community groups of our Good for Good Community Grants, ranging from $5,000 to $30,000 empowering these organisations to make a direct, positive impact on their communities. Whether it's bringing solar power to Giru, providing hockey kits in Ipswich, supplying laptops in Charters Towers, equipping Weipa with boxing gear, nurturing the development of the men's shed in Maleny, or assist with improving an Indian cultural centre's facilities to provide a welcoming and safe space for locals to practice and celebrate Indian heritage - these grants support community organisations that inspire the next generation while benefiting the community at large.

Supporting all communities across our branch footprint is equally important for Queensland Country. We recognise the significance of community events and sponsorships in regional centres, as they play a vital role in the social cohesion of these towns. There's nothing we cherish more than contributing to the unity and celebration of these communities.

At Queensland Country we were delighted to see the Cairns Taipans make the play-offs for the 2023 NBL season and put on such a strong show. Congratulations to the players, coaching team, and CEO of the Year, Mark Beecroft, for leading the team through an inspiring season. As the Official Banking Partner of the Cairns Taipans, we are proud to support this community owned NBL club and we look forward to the start of the new season in early October.

In February, Queensland Country Bank celebrated its roots as the Isa Mine Employees' Credit Union Limited, dating back to 1971, during the centenary celebration of Mount Isa. The event brought together the Group's Board of Directors, Executive Leaders, local dignitaries, and longstanding Members to commemorate the institution's 52-year presence in Mount Isa and its significant contributions to the community, highlighting the community's evolution over time.

In March, Queensland Country Bank proudly revealed their exclusive partnership with Nursery and Garden Industry Queensland, serving as the Banking Partner and Presenting Partner Sponsor for the annual Queensland Garden Expo in Nambour. This sponsorship aligns perfectly with our expansion efforts in southeast Queensland, resulting in a successful event with 38,000 visitors, 340 exhibitors, and high demand for our branded orange buckets.

Our team in Weipa welcomed many new faces in March for the Western Cape Futures Symposium. We heard about plans for the region, including a Space Base, and as the dust settles on that event, we turned our attention to the Weipa Fishing Classic and Weipa Rodeo.

On Good Friday, Queensland Country celebrated a historic moment as the Official Banking Partner and Game Day Sponsor during the Dolphins vs. North Queensland Cowboys match at Queensland Country Bank Stadium. Members enjoyed an 'Imagine more' showcase with parachutes and flying piggy banks on the pitch before the game, and the excitement can be witnessed on our Facebook page.

In May, the Queensland Country Bank CQUniCares Scholarship was launched for applications. This scholarship enables us to support a student who is undertaking studies in 2023-24 with the purpose of working in a field that supports the local community. We look forward to welcoming the recipient for this year's scholarship and sharing their journey.

June was action-packed with the Queensland Country Bank Brisbane Marathon Festival, the Mackay Netball Carnival, the Land Rover Townsville 2023 RMHC North Australia Charity Gala which raised an incredible $248,000 that will go directly to supporting their cause and the Maleny Show, which celebrated its 100th anniversary. Our teams and volunteers were kept busy with all these wonderful events and many Members were able to join us in the Brisbane Botanic Gardens to celebrate the iconic Marathon Festival – even crossing the Story Bridge on foot.

We proudly welcomed Romy Teitzel as our newest Ambassador, a local NRLW Player of the Year and a key player in the NRLW State of Origin. With the support of Queensland Country Bank, Romy will be able to play, continue her studies and elevate the women's game across the country while we help her reach her financial goals. Queensland Country Bank Stadium, through our sponsorship, garnered significant brand exposure as it hosted major, nationally televised sporting events like the NRLW State of Origin with record-breaking attendance of 18,275.

Through our partnership with Stadiums Queensland, we provided families and volunteers of the various community associations and our charity partner, Ronald McDonald House Charities North Australia the opportunity to get away for a few hours and enjoy some time out at signature events at Queensland Country Bank Stadium. These sponsorships are only just a snapshot of the great community events and groups we supported throughout the year all over Queensland which helped us build our social currency to positively influence Members and the communities we are a part of.

Queensland Country's Community Volunteer Program (CVP) continues to encourage employees to dedicate time and skills towards important local community initiatives, helping our employees Put People First. In 2022/23 our employees used 167 days of Community Volunteer Program leave to volunteer at a range of charities: Ronald McDonald House Charities, Guide Dogs Queensland, Cancer Council Queensland, Daffodil Day, The Common Good and further local and other regional charities.

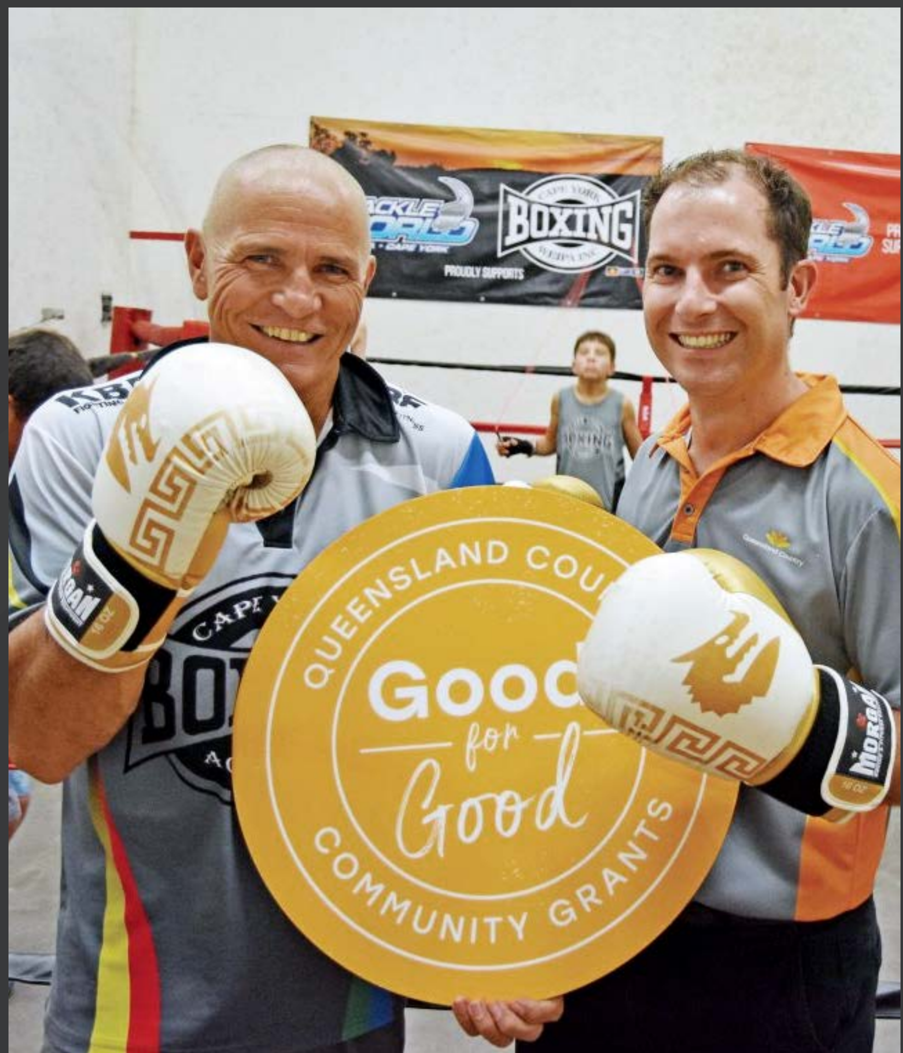
Our staff went over and above to deliver for our Members while bringing our values to life, achieving a Net Promoter Score above 9.2 for the year, which is an industry leading result and the highest of any bank in Queensland. The Net Promoter Score measures how Members feel about our service and the likelihood they'd recommend us. We were pleased to welcome over 11,000 new Members to the Queensland Country family during the year and we are looking forward to Helping them achieve their financial goals into the future.

"We are absolutely delighted to welcome Queensland Country Bank as our exclusive Banking Partner and Presenting Partner Sponsor to the Queensland Garden Expo 2023 held in Nambour.

"Our values of environmental awareness and protection and our connection to community strongly align with those of Queensland Country Bank and we look forward to working with their team".

MARION BEAZLEY, EVENT MANAGER OF QUEENSLAND GARDEN EXPO.

Celebrating our Communities!



Operational Efficiency and Innovation

Following the sale of Queensland Country Health Fund, we've redirected our strategic focus. The proceeds have empowered us to make substantial investments in digital services, aligning with Member needs and future banking expectations. This initiative not only enhances Member benefits but also facilitates the Bank's expansion, improving access to banking services. As a result, we become more efficient, and competitive, ultimately delivering better value to our Members while positioning ourselves for rapid scaling and increased capability.

Queensland Country is investing significantly in our digital capabilities and commenced three major projects to build the digital foundations of the Bank to ensure we are at the forefront of modern banking.

One of the more significant projects was changing our digital payments provider from Indue to Cuscal. This has been a major change for the Bank and our Members and is now complete. The benefits of the change include:

- Launch of Queensland Country Bank's new BSB 654-000.
- We've issued 65,000 replacement cards with all cards now being made from 82% recycled plastic.
- We launched for all Members, Apple Pay, Samsung Pay and Google Pay on the new cards.
- We've completed a Fee review resulting in removal of 18 fees and another four fees which were reduced. This has been made possible due to the cost savings of transferring to Cuscal.
- We've completed the new Credit Card Loyalty Rewards, 'My Rewards' program released with lower annual fees and higher points caps.

Another significant project has been moving our IT infrastructure to the cloud. This is a complex digital project that requires a significant financial investment that includes changes to our IT hosting environment and the replacement of all physical IT hardware.

The project will further improve our cyber security resilience to ensure we are doing the most we can to protect Members' data. As we have seen recently with major data breaches by large companies, no company is immune from cyber criminals. This project is in the final stages.

It will also enable us to increase the data bandwidth across our network that will result in a noticeable improvement in system speed. Therefore, all staff in branches and admin areas will experience an improvement in the responsiveness of the systems they use.

Significant efforts have been directed towards enhancing our mobile banking app to improve user-friendliness and overall Member experience, recognising its importance as a quick and easy banking channel for many Members.

Furthermore, we've invested in advanced loan systems, ensuring Members receive prompt approvals and more valuable interactions. These strategic moves align with our objectives, particularly lending growth. These innovative systems not only enable us to manage growth efficiently but also seamlessly integrate with CRM and various other systems, enhancing our operational capabilities.

These substantial transformations represent our commitment to evolving into a technologically advanced digital bank, setting the stage for us to deliver an enhanced banking experience and a wide range of benefits to our valued Members.

At Queensland Country, we are committed to supporting our Members through these changes and have taken a number of steps to prepare, including:

- Employing additional contact centre staff
- Extending our contact centre opening hours
- Up-skilling existing team members
- Assigning dedicated specialists across the branch network
- Ensuring our teams complete their own banking changes, so they understand first-hand how to best assist you
- Providing Members with regular reminders on payments that need updating via text message, personalised transaction checklists and phone calls from our branch and contact centre teams.

In our ongoing efforts to enhance the transparency of our members' credit history, Comprehensive Credit Reporting (CCR) is revolutionising how we report their credit information to credit reporting agencies. These crucial changes aim to more accurately acknowledge individuals who demonstrate responsible credit management. Furthermore, they contribute to the improvement of responsible lending standards and borrowing practices. Queensland Country has adopted credit enhancing strategies such as FileInvite which is a document collection software allowing us to accurately get documents back 80% faster than previously.

An area of service that we take pride in is our responsiveness in our contact centre. Staff in Townsville, Brisbane, Cairns, and Bowen work hard to deliver a very high standard of service over the phone with at least 80% of calls answered within 75 seconds. We have recently added additional staff to our contact centre to ensure we can continue to deliver this high standard of service.

We will continue to build strong, long-lasting relationships with our Members. The bank will continue to invest in the latest technologies and innovations to offer seamless banking experience to Members, while also maintaining its commitment to personal service and community involvement.

People, culture, engagement

As an organisation deeply rooted in numerous regional Queensland communities, we recognise our role in contributing to Australia's reconciliation with First Nations people. A significant step we've taken on this journey is the development and launch of an inaugural Reconciliation Action Plan.

This initial plan is firmly grounded in the pillars of relationships, respect, and opportunity. It outlines actionable steps to foster respectful relationships with local Aboriginal and Torres Strait Islander communities and create opportunities through supplier diversity, Aboriginal and Torres Strait Islander recruitment, and cultural education. Our primary focus lies in providing employment opportunities for First Nations people and raising awareness of Aboriginal culture, both of which we are committed to advancing in the coming year. Working closely with our Diversity and Inclusion Working Group, we will concentrate on implementing the essential initiatives outlined in the plan.

Queensland Country has celebrated quite a few awards recently and one of these that we are particularly proud of is the 'Great Place to Work Certified'. Being 'Great Place to Work Certified' means Queensland Country Bank has achieved excellence in creating a positive work environment. To earn this certification, organisations undergo a comprehensive assessment of their workplace culture, including an evaluation of employee feedback and policies. Certification signifies that Queensland Country prioritises employee well-being, fosters a supportive culture, and promotes trust and transparency. 232 staff completed the survey resulting in 89% stating that "this is a great place to work".

At Queensland Country, we are dedicated to creating a workplace culture that is recognised as a 'Great Place to Work.' We take immense pleasure in acknowledging and celebrating our top performers. Whether it's outstanding individuals, exceptional branches, or entire departments, we place great emphasis on congratulating those who consistently go the extra mile to provide exceptional service to our valued Members.

Branch of the Year this year has been picked up by the Stanthorpe branch. The Stanthorpe branch scored a maximum score of 1,000, an exceptional result with a perfect score. Fantastic effort by the whole team. What stands out with the Stanthorpe result is the high member measures achieved. Mystery shopper was 94.9% for the year which demonstrates the effort the team take with every Member engagement.

Stanthorpe team are no strangers to the podium having achieved this accolade a few times in the past for delivering great results in valued banking services and products to their Members as well as contributing their time and effort to supporting and volunteering at local sporting clubs and associations, school initiatives, and festivals.

Charters Towers have continued their reign in the high performing branches, finishing in second place with a KPI score of 990 after dominating the top branch achievements over the past few years. A standout result for the Charters team last year was that 100% of staff made a community contribution through community volunteering.

Caneland branch has made our top branches list again this year with third place with a score of 980. Another outstanding year in Mackay. What was particularly impressive with the results achieved by the Caneland team was the loan issues at more than $25m for the year.

This year the Bank separately recognised those teams who support our Members outside of a traditional branch. These include our contact centre, broker teams, specialised lenders, and business banking teams. The intention is to recognise the top performing teams from this group. And this year our top Retail team of the year award was shared between two teams - our Broker Team North and the Business Banking team, both finished the year with a perfect KPI score of 1,000.

Both teams have made a considerable contribution to the Bank's lending results this year. Our Broker Team North funded $137m in new loans this year and the Business Banking team funded $70m.

Department of the Year was duly awarded to the ICT Department for doing a great job of delivering internal service to all of us, while also working around the clock to support the replacement of our IT hardware across the network.

We take the opportunity to acknowledge our high performing staff and departments each year and these awards allow us to do so. It must also be recognised, however, the individual commitment of each staff member to their teams and delivering outstanding outcomes for Members.

Queensland Country Bank is a Great Place to Work!

Health Fund

This year marked a pivotal chapter in Queensland Country Health Fund's journey.

In November, we announced that HBF had entered into an agreement to purchase Queensland Country Health Fund from Queensland Country Bank. This announcement was preceded by a thorough and lengthy negotiation period and our priority was to safeguard the interests of all stakeholders.

It was important that the new Health Fund owner shared the same commitment to policyholders, was not-for-profit, and had a member-centric view of the business. Equally important was ensuring the well-being of Queensland Country's dedicated staff and providing the Bank with the financial resources needed for sustained growth. The sale negotiated with HBF – the 5th largest Health Fund in Australia - ticked all of these boxes, promising Queensland Country Health Fund Members access to even greater resources.

We were very pleased with this years' Net Promoter Score of 9.2 out of 10, which is a measure of how Members feel about our service and the likelihood they would recommend the Fund. A recommendation from Members is the greatest compliment the Fund can receive and we encourage Members to utilise the Refer a Friend offer.

Confirming the Fund's dedication to excellence, Queensland Country Health Fund was named as the winner of the 2023 ProductReview Awards for the Health Fund category, achieving a rating of 4.8 out of 5 stars from hundreds of happy Members. The award was particularly pleasing as the number of Members taking the time to write a positive review indicates the Fund is achieving its goal of providing quality, value for money health insurance.

During the year, the Fund continue to navigate the post COVID-19 environment and its effects on the health system. The impact of lower claims and recognising the wonderful support from Members, Queensland Country Health Fund was delighted to return $6 million in profits from the financial year ending June 2023 to eligible Members.

In every respect, the 2022-23 Financial Year has been a defining one for Queensland Country Health Fund, marked by strategic growth, highly satisfied Members and a commitment to a healthier future.

"Playing in the NRLW is a dream come true for many female league players. But as we all know the game and the salaries are still evolving. I'm a professional athlete and a student, I have the same financial pressures as most people and thanks to Queensland Country Bank I can now focus on my sport and study and hopefully achieve great things in both."

ROMY TEITZEL

Directors' report 2022-23

Your Directors present their report on the affairs of the Group for the financial year ended 30 June 2023.
The Parent Entity is a company registered under the Corporations Act 2001.

Christine Flynn (Chair) BA; DipEd; FAICD; MAMI

Christine Flynn BA; DipEd; FAICD; MAMI

Chair (since 1 April 2020) and Independent Non-Executive Director

Term of office: Appointed 1 April 2018

Skills & Experience: Christine is an experienced Board Chair and Director, and executive leader; recognised for her capabilities in Board governance, organisational strategy, strategic risk, and leadership. Christine is an accredited Facilitator for the Australian Institute of Company Directors and serves as a Director on the Board of the International Research Society for Public Management, and a Director of Connexity Ltd, a small consulting firm. Christine has held roles as a senior executive in the public service and past board roles including President of Institute of Public Administration Australia (Queensland), Member of the Audit and Risk Committee of the Queensland Audit Office, and the QUT School of Business Advisory Board. Christine was formerly the Chair of the Board of Queenslanders Credit Union until 2018 when it merged with Queensland Country Credit Union (now Queensland Country Bank), and previous Director of Queensland Country Health Fund Ltd.

Lewis Ramsay B Bus (Com); MBA; GAICD

Deputy Chair (since 1 July 2020) 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.

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 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 2022-23

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 NQ Branch Council of CPA Australia.

John Weier Dip FS; GAICD; FAMI

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.

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.

The name of the Company Secretaries in office at the end of the year are:
Louise Corica and Aaron Newman.

Committee Memberships

Until 23 March 2023
Audit: Greg Nucifora (Chair), Patricia O’Callaghan, Lewis Ramsay (until 20 September 2022)
Remuneration and Governance: Christine Flynn (Chair), Patricia O’Callaghan, Lewis Ramsay, Karen Read
Risk Management: John Weier (Chair), Christine Flynn, Greg Nucifora, Lewis Ramsay
Strategic Projects and ICT: Karen Read (Chair), Greg Nucifora, John Weier, Lewis Ramsay (until 18 July 2022)
Merger Strategy: Greg Nucifora (Chair), Karen Read, John Weier
Nominations: Christine Flynn (Chair), Sean Kelly (Independent Representative), Stephen Howell (Independent Representative).

From 24 March 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)

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

	Board	COMMITTEES Audit	Remuneration and Governance	Risk Management	Strategic Projects and ICT	Merger Strategy	Nominations
No. of Meetings held	**17**	**4**	**6**	**4**	**4**	**2**	**1**
Christine Flynn	16/17		5/6	4/4			1/1
Lewis Ramsay	15/17	3/3	6/6	4/4	0/1		
Karen Read	16/17		6/6	4/4	4/4	2/2	
Greg Nucifora	16/17	4/4			4/4	2/2	
Patricia O’Callaghan	14/17	3/4	5/6				
John Weier	17/17	4/4		4/4	4/4	2/2	
Karl Grant	4/4				1/1		

Directors’ report 2022-23

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: C Flynn, L Ramsay, G Nucifora, P O’Callaghan, K Read, and J Weier, K Grant, 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; the provision of health insurance to health insurance policy holders including the acceptance of contributions and payment of benefits and the provision of dental facilities to its Health Fund policy holders. The Health Fund has a subsidiary company, Queensland Country Care Navigation Pty Ltd to provide care coordination services to the Health Fund’s policy holders.
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 Health Limited which was completed on the 30th June 2023.

Operating Results
The net profit of the Group for the year after providing for income tax was $53,656,000 (2022: $13,737,000), which included the sale of the Health Fund.

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, increased from those of the previous year from $11,982,000 to $149,791,000 This included a gain on sale of $158,931,000 from the sale of Health Fund. Net operating income increased from $95,416,000 to $131,885,000 with the increase attributable to both net interest income and dividend income. Operating expenses increased from $81,072,000 to $90,374,000 resulting mainly from employee related costs and information technology costs.

Total Assets of the Bank increased by 11.47%, total loans increased by 8.17% and investments increased by 11.71%.

Capital Management
The capital adequacy ratio measured for prudential purposes as at reporting date increased to 24.50% (2022: 15.30%), with the injection from the sale of the Health Fund.

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 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.

Tier 2 capital comprises 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 a going 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:

	2023 $'000	2022 $'000
Tier 1 Capital		
General Reserves	110,015	109,201
Retained earnings	240,257	91,280
Less:		
Prescribed deductions	(15,025)	(12,173)
Net Tier 1 capital	335,247	188,308
Tier 2 Capital		
Reserve for credit losses	1,644	1,931
Net Tier 2 capital	1,644	1,931
Total capital	336,891	190,239

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:

2023	2022	2021	2020	2019
24.50%	15.30%	15.33%	15.73%	16.16%

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.
The sale of Queensland Country Health Fund Pty Ltd will enable the Bank to focus solely on the provision of financial services. The sale proceeds have built on its financial strength which will enable further investment in technology that will allow the business to introduce new products and services, particularly digital and more efficient business processes.

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.

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 2023 forms part of this report and a copy of this declaration is attached.

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 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
- 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

Directors' report 2022-23

- 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 management of strategic projects, cyber security, and progress against the digital roadmap for Queensland Country Bank.

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 2022/2023 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 the Health Fund; 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.

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.

Directors' report 2022-23

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. Following are the key environmental impacts Queensland Country is taking steps to improve:

- 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:

- 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 behaviors
- 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:

C. Flynn
Chair
Signed and dated this 28th day of September 2023

G. Nucifora
Director

Auditor's Independence Declaration

As lead auditor for the audit of Queensland Country Bank Limited for the year ended 30 June 2023, 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
28 September 2023

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Statements of profit or loss

and other comprehensive income for the year ended 30 June 2023

	NOTE	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Interest income	3	142,612	75,368	121,678	70,632
Interest expense	3	(75,049)	(19,195)	(53,898)	(14,371)
Net interest income		67,563	56,173	67,780	56,261
Other revenue and income	4	64,322	39,243	13,365	14,006
Net operating income		131,885	95,416	81,145	70,267
Disposal of investment in subsidiaries	29	158,931	-	-	-
Operating expenses	5	(90,374)	(81,072)	(71,868)	(62,359)
Impairment reversal on loans and advances	30	185	537	185	537
Profit before income tax		200,627	14,881	9,462	8,445
Income tax expense	6	(51,650)	(3,333)	(4,165)	(3,333)
Net profit after income tax from continuing operations		148,977	11,548	5,297	5,112
Net profit after income tax from discontinued operations	29	-	-	47,545	8,191
Net profit for the year		148,977	11,548	52,842	13,303
Other comprehensive income for the year, net of income tax					
Items that will not be reclassified to profit or loss					
Gains/(Losses) in fair value of equity investment securities at fair value through other comprehensive income (**FVOCI**)		1,163	620	1,163	620
Income tax relating to these items	6	(349)	(186)	(349)	(186)
Other comprehensive income for the year, net of income tax		814	434	814	434
Total comprehensive income for the year from continuing operations		149,791	11,982	53,656	13,737

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

Statements of financial position

as at 30 June 2022

	NOTE	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
ASSETS					
Cash and cash equivalents	9	93,630	52,483	93,630	55,114
Financial assets at fair value through profit or loss	10	-	-	-	40,277
Other receivables	11	8,331	5,271	8,331	7,884
Income tax receivable	23	-	995	-	-
Investment securities at amortised cost	12	1,075,858	963,059	619,143	555,554
Loans and advances at amortised cost	13	2,377,785	2,188,742	2,377,785	2,188,742
Property, plant and equipment	14	36,621	8,322	29,144	31,011
Right-of-use assets	14	6,802	8,229	6,802	7,756
Intangible assets	15	232	306	232	306
Investment property	16	-	-	-	3,695
Equity instruments at FVOCI	17	10,804	9,641	10,804	9,641
Deferred tax assets	18	1,029	2,226	938	2,005
Other assets	19	2,277	2,333	2,276	2,333
TOTAL ASSETS		3,613,369	3,241,607	3,149,085	2,904,318
LIABILITIES					
Deposits	20	2,687,225	2,531,816	2,687,225	2,507,986
Borrowings	21	503,015	484,616	46,300	46,254
Other payables	22	16,345	11,501	16,343	34,137
Income tax payable	23	45,112	-	45,112	33
Lease liabilities	14	7,027	8,435	7,027	7,974
Provisions	24	4,373	4,758	4,373	18,885
TOTAL LIABILITIES		3,263,097	3,041,126	2,806,380	2,615,269
NET ASSETS		350,272	200,481	342,705	289,049
EQUITY					
Reserves	25	110,015	109,201	110,015	109,201
Retained earnings		240,257	91,280	232,690	179,848
TOTAL EQUITY		350,272	200,481	342,705	289,049

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

Statements of changes in equity

for the year ended 30 June 2023

Bank	**FVOCI Reserve**	**Other Reserves**	**Retained Earnings**	**Total**
($'000)	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2021	3,967	104,800	79,732	188,499
Total comprehensive income for year				
Profit for the year after tax	-	-	11,548	11,548
Other comprehensive income after tax	434	-	-	434
Total comprehensive income for the year	434	-	11,548	11,982
Balance at 30 June 2022	4,401	104,800	91,280	200,481
Total comprehensive income for year				
Profit for the year after tax	-	-	148,977	148,977
Other comprehensive income after tax	814	-	-	814
Total comprehensive income for the year	814	-	148,977	149,791
Balance at 30 June 2023	5,215	104,800	240,257	350,272

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

Statements of changes in equity

for the year ended 30 June 2023

Group ($'000)	FVOCI Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2021	3,967	104,800	166,545	275,312
Total comprehensive income for year				
Profit for the year after tax	-	-	13,303	13,303
Other comprehensive income after tax	434	-	-	434
Total comprehensive income for the year	434	-	13,303	13,737
Balance at 30 June 2022	4,401	104,800	179,848	289,049
Total comprehensive income for year				
Profit for the year after tax	-	-	52,842	52,842
Other comprehensive income after tax	814	-	-	814
Total comprehensive income for the year	814	-	52,842	53,656
Balance at 30 June 2023	5,215	104,800	232,690	342,705

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

Statements of cash flows

for the year ended 30 June 2023

	NOTE	Bank 2023 $'000 Inflows/ (Outflows)	Bank 2022 $'000 Inflows/ (Outflows)	Group 2023 $'000 Inflows/ (Outflows)	Group 2022 $'000 Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		141,780	74,892	125,901	71,064
Dividends received		258	3,973	258	473
Other income		23,111	22,353	912	3,736
Fees and commissions received		13,288	13,688	13,256	14,291
Contributions received – Queensland Country Health Fund		-	-	-	150,555
Interest paid		(65,825)	(19,512)	(44,672)	(14,693)
Interest paid on leases		(419)	(490)	(411)	(457)
Payments to suppliers and employees		(86,805)	(80,092)	(70,615)	(79,375)
Benefits paid – Queensland Country Health Fund		-	-	-	(122,261)
Income taxes (paid)/received		(4,695)	(3,019)	(4,661)	(5,069)
Net movement in loans and advances		(182,211)	(143,836)	(182,244)	(143,836)
Net movement in deposits		146,185	180,549	146,186	175,802
Net cash provided by/(used in) operating activities	26(c)	(15,333)	48,506	(16,090)	50,230
CASH FLOWS FROM INVESTING ACTIVITIES					
Net movement in financial assets		(112,799)	(75,591)	(94,446)	(62,050)
Payments for property, plant and equipment		(2,337)	(1,508)	(2,123)	(1,561)
Proceeds from sale of property, plant and equipment		250	489	254	422
Proceeds from sale of investment property		-	792	-	792
Proceeds from disposal of subsidiaries	29	156,044	-	153,414	-
Net cash provided by/(used in) investing activities		41,158	(75,818)	57,099	(62,397)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in borrowings		18,399	20,247	46	47
Payment for lease liabilities		(3,078)	(3,788)	(2,539)	(2,645)
Net cash provided by/(used in) financing activities		15,321	16,459	(2,493)	(2,598)
Net increase/(decrease) in cash held		41,146	(10,853)	38,516	(14,765)
Cash at the beginning of the financial year		52,484	63,336	55,114	69,879
Cash at the end of the financial year	26(a)	93.630	52,483	93,630	55,114

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

NOTE 1 Summary of significant accounting policies

These financial statements were authorised for issue on September 28, 2023 by the Board of Directors. The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements cover Queensland Country Bank Limited as an individual entity, and Queensland Country Bank Limited and Subsidiaries as a Group. Queensland Country Bank Limited is a public company limited by shares, incorporated and domiciled in Australia. For the purposes of preparing the financial statements, Queensland Country Bank Limited is a for-profit entity.

(i) Compliance with IFRS
The financial statements of Queensland Country Bank Limited as an individual entity and the consolidated financial statements of the Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for investment property and certain financial assets that have been measured at fair value. The presentation currency of the financial statements is Australian Dollars.

(iii) New and amended standards adopted by the Group
There are no new and amended accounting standards that became effective as of 1st July 2022 that have a material impact to the Group.

(iv) New standards and interpretations not yet adopted
Certain new accounting standards have been published that are not yet mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Changes in comparatives

The financial results of businesses reclassified as discontinued operations are excluded from the results of continuing operations and are presented as a single line item - Net profit after income tax from discontinued operations – in the Statements of Profit or Loss and Other Comprehensive Income. The Statements of Profit or Loss and Other Comprehensive Income for comparative periods are also restated. The Balance Sheet is not restated when a business is reclassified as a discontinued operation.

(c) Other changes implemented during the year

During the year ended 30 June 2023, the Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers. The Group recognised a liability within Other payables equal to the present value of expected future trail commission payments and a corresponding increase in the underlying loan balances. This change was applied prospectively and impacted the current period's financial statements.

(d) Consolidated financial statements

(i) Basis of consolidation
The consolidated financial statements incorporate the assets and liabilities of all Subsidiaries of Queensland Country Bank Limited ('the Company', 'Parent Entity' or 'the Bank') as at 30 June 2023 and the results of all subsidiaries for the year then ended. The Bank and its subsidiaries together are referred to in these financial statements as the Group.

(ii) Subsidiaries
Subsidiaries are all entities, including special purpose entities, over which the Group has control. The Group has control over an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect these returns. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

The existence and effect of potential voting rights where the Group has the practical ability to exercise them are considered when assessing whether the Group controls another entity. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

NOTE 1 Summary of significant accounting policies (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of Subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

The names of the subsidiaries are contained in note 28. All subsidiaries have a 30 June financial year-end and are accounted for at cost in the separate financial statements of Queensland Country Bank Limited less any impairment charge.

(e) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deductible temporary differences brought to account as deferred tax assets is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the deferred tax asset to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Financial assets and financial liabilities

(i) Measurement methods
Amortised cost and effective interest rate:
The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount and, for financial assets, minus any reduction for impairment.

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

NOTE 1 Summary of significant accounting policies (continued)

When applying the effective interest rate method to loans, the Group has estimated the behavioural term of each loan portfolio by reference to historical prepayment rates and the contractual maturity. This is reassessed each reporting period.

When the Group revises estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income and expense
Interest income and expense for all interest bearing financial instruments is recognised in the profit or loss using the effective interest rates of the financial assets or financial liabilities to which they relate.

Initial recognition and measurement:
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial and assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss provision (**ECL**) is recognised for financial assets measured at amortised cost, as described in note 30(b), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Offsetting:
Financial assets and financial liabilities are set off and the net amount presented in the Statements of Financial Position when, and only when, the Group has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Financial assets
Classification and subsequent measurement of financial assets – overview:
The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (**FVPL**);
- Fair value through other comprehensive income (**FVOCI**); or
- Amortised cost.

Classification and subsequent measurement of financial assets that are debt instruments:
For debt instruments, the classification and subsequent measurement depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

A) Amortised Cost
These assets are held within the business model whose objective is to hold 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 (**SPPI**). These securities are initially recognised at fair value plus direct 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.

Financial assets (debt instruments) classified by the Group as subsequently measured at amortised cost in the current and comparative periods include:

- **Cash and cash equivalents** – these include cash on hand, unrestricted balances held in ADIs, settlement account balances due from banks, and highly liquid financial assets, 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.
- **Trade debtors –** these are short term receivables due to the Group from other parties.
- **Investment securities** – these include bank bills of exchange, some floating rate notes and some deposits with other financial institutions. The Group's business model for the liquidity portfolio is to collect contractual cash flows, with sales of these financial assets only arising if they no longer meet the Group's investment policy or in a stressed liquidity scenario.

NOTE 1 Summary of significant accounting policies (continued)

- **Loans and receivables** – these are non-derivative 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 SPV for the purpose of collateralising notes issued, with no resulting derecognition by the Group.

B) FVOCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI are measured at FVOCI. Movements in the carrying amount are taken to OCI, except for the recognition of impairment gains or losses and interest income which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

In the current and comparative periods the Group does not hold any financial assets (debt instruments) classified as subsequently measured at FVOCI.

C) FVPL
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net with other gains/(losses) in the period in which it arises.

Financial assets (debt instruments) classified by the Group as subsequently measured at FVPL in the current and comparative periods include:

- **Investment securities** – these include managed funds, capital notes, some floating rate notes, and some deposits with other financial institutions, where these investments are backing insurance liabilities. This group of financial assets is managed and its performance is evaluated on a fair value basis because related liabilities are also managed on this basis.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. Such changes are expected to be very infrequent and none occurred during the period.

Classification and subsequent measurement of financial assets that are equity instruments:
For equity instruments, these are classified and subsequently measured at FVPL, unless the Group has elected at initial recognition to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity instruments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

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 payments is established. Gains and losses on equity investments at FVPL are recognised in profit or loss and presented net with other gains/(losses) in the period in which they arise.

Financial assets (equity securities) classified by the Group as subsequently measured at FVOCI in the current and comparative periods include:

- **Unlisted equity securities** – these relate to shareholdings in unlisted entities which are not held to enable the Group to receive essential banking services. Fair value gains and losses on these equity instruments are recognised in other comprehensive income and are not reclassified to the income statement on derecognition.

Impairment of financial assets:
The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments. The impairment methodology applied depends on whether there has been a significant increase in credit risk (**SICR**).

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;
- The time value of money; and

NOTE 1 Summary of significant accounting policies (continued)

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

For trade debtors, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 30(b) provides more detail on how the expected credit loss provision is measured.

Modification of loans:
The Group sometimes renegotiates or otherwise modifies contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is subsequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a SICR has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest for credit-impaired financial assets).

Derecognition of financial assets (other than on a modification):
Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Securitisation arrangements:
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 transactions are accounted for as 'pass through' 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.

NOTE 1 Summary of significant accounting policies (continued)

Loan commitments:
Loan commitments provided by the Group are measured as the amount of the impairment provision (calculated as described in note 30(b)A(iv)). The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments, the impairment provision is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the impairment provision for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(iii) Financial liabilities
Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss, which is applied to financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

All financial liabilities are measured at amortised cost in the current and comparative periods, and include:

- **Deposits** – interest on deposits is recognised on an accrual basis. Interest accrued at the end of the reporting date is shown as a part of deposits.
- **Trade payables** – these are short term payables due to the Group from other parties.
- **Borrowings** – these relate to the Group's securitisation vehicle and a Term Funding Facility with the Reserve Bank of Australia (RBA).

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(g) Other revenue and income

Fees and charges:
Unless included in the effective interest rate, fees and charges earned from members are recognised at the point in time that the underlying transaction is completed. Fees charged for providing ongoing services are recognised as income over the period the service is provided, in line with the performance obligation delivered to the members.

Commission revenue:
Commissions are earned by the Group on the sale of third party products and services to members. Unless included in the effective interest rate, commissions are recognised at the point in time when the Group's performance obligation in respect of this income is considered to be met. Where there is variable consideration, this is only recognised to the extent it is highly probable it will not reverse in future periods, at its net present value.

Management fees:
Under the terms of a management agreement between the Bank and the Health Fund, a fee is paid to reimburse all costs incurred by the Bank relating to the operation of the Health Fund. In addition, the agreement specifies that the management fee may include a charge per Health Fund member, payable to the Bank. Management fee revenue is recognised over time, in line with the period the services are provided.

(h) Fair value measurement

Fair values may be used for financial and non-financial asset and liability measurements as well as sundry disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market.

NOTE 1 Summary of significant accounting policies (continued)

The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. This is described further in note 31.

(i) Property, plant and equipment

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

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets 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 minimum 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. These gains and losses are included in profit or loss.

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

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

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

(k) Investment property

Investment property held for rental is initially measured at cost including transaction costs.

Subsequent to initial recognition, investment property is carried at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in fair values of investment properties are included in profit or loss as part of other income in the year in which they arise. Fair value is determined based on an annual valuation performed by an accredited external, independent valuer, applying a valuation model appropriate for the investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(l) Intangible assets

(i) Computer software:

Items of computer software which are not integral to the computer hardware owned by the Group are classified as an intangible asset. Computer software acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight-line basis over the expected useful life of the software. These

NOTE 1 Summary of significant accounting policies (continued)

lives are currently five years. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits of the computer software. All other expenditure is expensed as incurred.

Costs incurred in configuring or customising Software as a Service (SaaS) arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

(m) Leases

(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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (included in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions, and
- Makes adjustments specific to the lease, e.g. term, security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjustment against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or less over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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 of less. Low-value assets comprise IT equipment and small items of furniture and equipment.

Extension and termination options are included in property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the

NOTE 1 Summary of significant accounting policies (continued)

Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

(ii) Lessor accounting

The Group is a lessor of office facilities. The office facilities require rental payable monthly. Lease payments for some contracts include CPI increases or depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

The Group retains the leased asset, 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.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties where relevant.

(n) Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Short-term employee benefits:

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 Liabilities 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.

Long-term employee benefits:

Liabilities for long service leave and annual leave that are not expected to be settled within twelve months of the end of the reporting period are recognised as provisions for employee benefits and 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 using the projected unit credit method. Consideration is given to expected future salary and wage increases, experience of employee departures and periods of service. Expected future payments are discounted using a standardised set of discount rates specifically available for the purpose of discounting employee benefit liabilities, at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are considered as current liabilities if the Group does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Contributions are made by the Group to employee superannuation funds and are recognised in the profit and loss when incurred.

(o) Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statements of Financial Position are shown inclusive of GST.

(q) Insurance contracts

Insurance contracts relate to the subsidiary Queensland Country Health Fund Pty Ltd, which was disposed of on 30 June 2023 (refer note 29).

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where, at the inception of the contract, there is a scenario with commercial substance in which the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 1 Summary of significant accounting policies (continued)

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

The accounting policies for the insurance-related balances recorded in the Group's financial report are outlined below (for other accounting policies and disclosures relating to the discontinued operation refer to note 29):

(i) Outstanding claims liability

A provision is made for outstanding claims at the reporting date, measured as the central estimate of the expected payments against claims incurred but not settled under insurance contracts. The expected future payments include those in relation to claims reported but not yet paid and claims incurred but not yet reported, together with allowances for expected Risk Equalisation Special Accounts transfers and claims handling expenses. The inherent uncertainty in the central estimate must also be considered and a risk margin is added. Actual results could differ from the estimate.

(ii) Deferred claims liability

A provision is made for deferred claims at the reporting date, measured with regard to the claims that were expected to occur but did not eventuate at the reporting date due to reduced access to surgeries and other procedures as a result of COVID-19. The expected future payments include those in relation to deferred claims which are likely to materialise in the next 12 months.

(iii) Contributions in advance

The proportion of premium received that has not been earned at the end of each reporting period is recognised as an unearned premium liability – contributions in advance. Contributions in advance are released to profit or loss over the term of the insurance cover.

(iv) Unexpired risk liability

At each balance date, a liability adequacy test is performed to determine whether the unearned premium liability (contributions in advance) is adequate to cover expected future claims arising from current insurance coverage. An additional risk margin is included in the test to reflect the inherent uncertainty in the central estimate.

If the present value of the expected future cash flows relating to future claims plus the additional risk margin exceeds the unearned premium liability, then the unearned premium is deemed to be deficient. Any deficiency is recognised immediately in the consolidated statements of profit or loss.

(r) Rounding of amounts

The Group and Parent Entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and accordingly, amounts in the financial statements have been rounded off to the nearest thousand dollars ($'000) unless otherwise stated.

(s) Comparatives

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTE 2 Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

The following areas involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgments is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements:

(a) Estimated provision for expected credit losses on loans and advances
The measurement of the ECL provision for loans and advances at amortised cost is an area that requires use of complex models and significant assumptions about future economic conditions and credit behaviour.

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining the criteria for SICR, and when determining an impairment loss for individual borrowers in respect of loans and advances. In estimating these cash flows, the Group makes judgments about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors including forward looking information available at the time. As actual results may differ, future changes to the impairment provision may be required.

Refer to note 30(b)A(iv) for further details on the judgments and estimates and how they have been applied.

(b) Estimated fair values of certain financial assets
The fair value of financial instruments 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 31(b)(ii).

(c) Estimated fair values of investment property
The fair value of investment property is determined using valuation techniques. The Group uses its judgment to select assumptions that are based on market conditions at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 31(b)(vii).

Notes to the financial statements

for the year ended 30 June 2023

	Bank		Group	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
NOTE 3 Interest income and interest expense				
(a) Interest income				
Cash and cash equivalents	1,135	-	1,135	-
Investment securities at amortised cost	38,800	6,750	17,866	2,014
Loans and advances at amortised cost	102,677	68,618	102,677	68,618
Total interest income	142,612	75,368	121,678	70,632
(b) Interest expense				
Borrowings	50	47	50	47
Borrowings – securitisation	21,186	5,129	253	393
Deposits from financial institutions	7	71	7	71
Deposits from members	53,387	13,458	53,177	13,402
Lease liability interest	419	490	411	458
Total interest expense	75,049	19,195	53,898	14,371

NOTE 4 Other revenue and income

- Dividends received – Queensland Country Health Fund Pty Ltd	28,468	3,500	-	-
- Dividends received – other corporations	258	473	258	473
- Fees and commissions	12,426	13,221	12,394	13,183
- Bad debts recovered	57	67	57	67
- Net gain on disposal of property, plant and equipment	59	-	59	-
- Rental income from operating leases	775	528	268	71
- Management fee	21,949	21,242	-	-
- Other income	330	212	329	212
Total other revenue and income	64,322	39,243	13,365	14,006

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
NOTE 5 Operating expenses				
- Fees and commissions	1,948	1,772	1,337	1,238
- Depreciation - buildings	1,044	471	1,076	471
- Depreciation - plant and equipment	729	655	673	595
- Depreciation - right of use asset	3,204	3,659	2,525	2,464
- Amortisation - leasehold improvements	541	597	516	568
- Amortisation - software	74	177	74	177
- Rental expense/(income) on operating leases	474	464	(86)	(160)
- Employee benefits - superannuation	3,630	3,161	2,912	2,409
- Employee benefits - other	40,662	35,431	33,120	27,496
- General administration	5,051	6,604	3,500	5,072
- Direct property expenditure from investment property generating rental income	-	208	-	-
- Loss on disposal of property, plant and equipment	28	82	28	80
- Information technology costs	13,284	9,903	10,081	7,298
- Transaction processing costs	7,838	7,993	7,838	7,993
- Marketing and promotion costs	4,088	3,368	3,042	2,500
- Other operating expenses	7,779	6,527	5,232	4,158
Total Expenses	90,374	81,072	71,868	62,359

Notes to the financial statements
for the year ended 30 June 2023

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
NOTE 6 Income tax				
(a) Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit before income tax	200,627	14,881	9,462	14,881
Tax at the Australian tax rate of 30% (2022 30%)	60,188	4,464	2,839	4,464
Add Tax effect of:				
Other assessable income	3,693	511	1,357	511
Non-deductible expenses	89	95	89	95
	63,970	5,070	4,285	5,070
Less Tax effect of:				
Tax offset for franked dividends	(12,310)	(1,703)	(110)	(1,703)
Tax building depreciation/building allowance	(27)	(34)	(27)	(34)
	51,633	3,333	4,148	3,333
Adjustment recognised for prior periods	17	-	17	-
Income tax expense	51,650	3,333	4,165	3,333
(b) Major components of tax expense/(income):				
- Current tax	3,216	2,472	1,284	2,472
- Capital Gains tax (refer Note 29)	47,575	-	-	-
- Deferred tax relating to the origination and reversal of temporary differences	842	861	932	861
- Adjustment recognised for prior periods	17	-	1,949	-
	51,650	3,333	4,165	3,333
(c) Major components of tax expense/(income) recognised in Other Comprehensive Income:				
- Deferred tax relating to the origination and reversal of temporary differences	349	186	349	186
(d) Balance of franking account at year end adjusted for franking credits or debits arising from payment of the provision for income tax or receipt of dividends receivable at the end of the reporting date based on a tax rate of 30% (2022 30%)	113,776	50,663	113,776	50,663

	Bank 2023 $	Bank 2022 $	Group 2023 $	Group 2022 $
NOTE 7 Auditor's remuneration				
Auditor Remuneration PricewaterhouseCoopers Australia:				
Auditing of financial statements	425,000	258,000	425,000	258,000
Other assurance services				
– audit and review of prudential returns	72,000	50,000	72,000	50,000
– accounting services	29,580	-	29,580	-
– other assurance services	103,500	51,455	103,500	51,455
Taxation services	57,345	18,000	57,345	18,000
	687,425	377,455	687,425	377,455

Balances have been impacted by the sale of Queensland Country Health Fund Pty Ltd (QCHF). Auditor remuneration expenses amounting to $147,700 (2022: $159,350) is included as part of discontinued operations. Refer to note 29 for further details.

NOTE 8 Key management personnel

(a) Remuneration of key management personnel (KMP)

Compensation of KMPs in total and for each of the following categories was as follows	Bank 2023 $	Bank 2022 $	Group 2023 $	Group 2022 $
- short term employee benefits	2,733,072	2,424,030	2,733,072	2,424,030
- post-employment benefits – superannuation contributions	286,972	242,403	286,972	242,403
- other long-term benefits – net increase/(decrease) in long service leave provision	84,378	111,927	84,378	111,927
- terminations	-	-	-	-
Total	3,104,422	2,778,360	3,104,422	2,778,360

Balances have been impacted by the sale of Queensland Country Health Fund Pty Ltd (QCHF). Remuneration of key management personnel amounting to $368,684 (2022: $352,619) is included as part of discontinued operations. Refer to note 29 for further details.

(b) Loans to KMPs and their close family members

The Bank'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.

	Bank 2023 $	Bank 2022 $	Group 2023 $	Group 2022 $
The aggregate value of loans at year end	9,976,737	9,012,748	9,976,737	10,765,396
The aggregate value of other credit facilities at year end	104,000	119,000	104,000	121,000
Amounts drawn down included in the aggregate value	(22,980)	(23,243)	(22,980)	(23,243)
Net balance available	81,020	95,757	81,020	97,757

Notes to the financial statements
for the year ended 30 June 2023

	Bank 2023 $	Bank 2022 $	Group 2023 $	Group 2022 $
NOTE 8 Key management personnel (continued)				
During the year, the aggregate value of loans disbursed amounted to:				
- Term loans	1,971,991	4,533,398	1,971,991	4,533,398
	1,971,991	4,533,398	1,971,991	4,533,398
Interest and other revenue earned on loans and revolving credit facilities	273,060	234,094	273,060	287,395

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

KMPs have received interest on deposits with the Bank 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 Bank.	Bank 2023 $	Bank 2022 $	Group 2023 $	Group 2022 $
Total value of deposits at year end	2,525,700	2,504,308	2,525,700	3,724,645
Total interest paid on these deposits during the year	23,922	2,280	23,922	4,530

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.

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.

NOTE 9 Cash and cash equivalents	Bank 2023 $	Bank 2022 $	Group 2023 $	Group 2022 $
Cash on hand at amortised cost	3,863	4,739	3,863	4,739
Deposits with ADI's at amortised cost	89,767	47,744	89,767	50,375
	93,630	52,483	93,630	55,114

The effective interest rate on short-term bank deposits was 2.11% (2022: 0.00%); these deposits are available at-call. Refer to note 26 for a detailed reconciliation of cash and cash equivalents, note 30(b) for further information relating to the credit risk of cash and cash equivalents, and note 31(b) for information relating to their fair values.

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
NOTE 10 Financial assets at FVPL				
Financial assets, at fair value				
- Managed funds	-	-	-	10,210
- Interest bearing notes	-	-	-	30,067
Total	-	-	-	40,277

Financial assets at fair value through profit and loss expected to mature more than 12 months after the reporting date for the Bank amounted to $nil (2022: $nil), for the Group amounted to $nil (2022: $23,779,000). Refer to note 31(b) for information on how fair values are determined.

NOTE 11 Other receivables

	Bank 2023	Bank 2022	Group 2023	Group 2022
Accrued interest	2,352	635	2,352	791
Trade debtors	3,182	1,809	3,182	505
Sundry debtors	2,797	2,827	2,797	6,588
	8,331	5,271	8,331	7,884

Trade debtors are classified and measured at amortised cost, and all expected to mature within 12 months after the reporting date for the Bank and the Group in both periods presented. Refer to note 30(b) for further information relating to the credit risk of trade debtors and note 31(b) for information relating to their fair values.

NOTE 12 Investment securities at amortised cost

	Bank 2023	Bank 2022	Group 2023	Group 2022
Bank bills of exchange and certificates of deposit	209,728	163,951	209,728	163,951
Deposits with ADI's	126,624	117,212	219,909	246,399
MTG QCCU Trust – Class A floating rate notes	501,200	501,200	-	-
MTG QCCU Trust – Class B floating rate notes	48,800	48,800	-	-
Other floating rate notes	189,506	131,896	189,506	145,204
	1,075,858	963,059	619,143	555,554

Investment securities at amortised cost expected to mature more than 12 months after the reporting date for the Bank amounted to $141,356,000 (2022: $109,046,000), for the Group amounted to $141,356,000 (2022: $124,354,000). Refer to note 30(b) for further information relating to the credit risk of investment securities at amortised cost and note 31(b) for information relating to their fair values.

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 Queensland Country Bank Limited. 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 2023 amounted to $550,000,000 (2022: $550,000,000), split between Class A and Class B notes. For further information on securitisation arrangements refer to note 32.

Notes to the financial statements

for the year ended 30 June 2023

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
NOTE 13 Loans and advances at amortised cost				
Loans and advances outstanding				
- Overdrafts	24,824	27,089	24,824	27,089
- Term loans	2,333,032	2,151,452	2,333,032	2,151,452
- Credit cards	12,966	13,263	12,966	13,263
Gross loans and advances	2,370,822	2,191,804	2,370,822	2,191,804
Deferred Loan Fees	9,480	-	9,480	-
Provision for impairment	(2,517)	(3,062)	(2,517)	(3,062)
Net loans and advances	2,377,785	2,188,742	2,377,785	2,188,742

Loans and advances expected to be recovered more than 12 months after the reporting date for the Bank amounted to $2,314,008,000 (2022: $2,124,947,000), and for the Group amounted to $2,314,008,000 (2022: $2,124,947,000). Refer to note 30(b) for further information relating to the credit risk of loans and advances and note 31(b) for information relating to their fair values.

NOTE 14 Property, plant and equipment

(a) Carrying amounts

	Bank 2023	Bank 2022	Group 2023	Group 2022
Land				
- At cost	6,052	1,969	7,855	8,042
Buildings				
- At cost	32,357	7,843	28,625	28,980
- Accumulated depreciation	(6,148)	(5,103)	(11,550)	(10,559)
	26,209	2,740	17,075	18,421
Leasehold improvements				
- At cost	9,342	9,382	9,342	9,653
- Accumulated amortisation	(8,887)	(8,465)	(8,887)	(8,572)
	455	917	455	1,081
Plant and equipment				
- At cost	7,506	6,405	7,360	8,873
- Accumulated depreciation	(3,601)	(3,709)	(3,601)	(5,406)
	3,905	2,696	3,759	3,467
Total property, plant and equipment	36,621	8,322	29,144	31,011

NOTE 14 **Property, plant and equipment (continued)**

(b) **Movements in carrying amounts**

Reconciliations of the carrying amounts of each class of property, plant and equipment between the beginning and end of the financial year are set out below.

	Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant & Equipment $'000	Total $'000
Bank					
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
Balance at 1 July 2021	1,969	2,632	1,314	2,665	8,580
- Additions	-	579	200	730	1,509
- Disposals	-	-	-	(44)	(44)
- Depreciation expense	-	(471)	(597)	(655)	(1,723)
Balance at 30 June 2022	1,969	2,740	917	2,696	8,322
Group					
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
Balance at 1 July 2021	8,042	19,064	1,504	3,702	32,312
- Additions	-	629	201	732	1,562
- Disposals	-	(5)	-	(53)	(58)
- Depreciation expense	-	(1,267)	(624)	(914)	(2,805)
Balance at 30 June 2022	8,042	18,421	1,081	3,467	31,011

(c) **Valuations**

Independent valuations were performed by Certified Practicing Valuers: S Butterworth (AAPI); J Sayce (AAPI); B Walsh (AAPI) T Adams (AAPI); D Ackroyd (AAPI); J Searston (AAPI) A Creswick (AAPI) as at 30th June 2022. The valuations were obtained in accordance with an internal policy to value land and buildings every three years. The increase in value over cost has not been brought to account. The valuations have been based on the current market value of freehold land and buildings, taking into consideration the sales of similar land and buildings in the area, and are categorised as Level 3 in the fair value hierarchy (refer note 31). The directors are satisfied that the outcome of these valuations adequately support the carrying values above. On 31 January 2023, the Bank purchased 333 Ross River Road, the current Head Office Building from its subsidiary QCHF by way of an in-specie dividend. The transaction was completed at arm's length using the market value determined by a valuation performed by A Dickinson (AAPI) as at 31 January 2023. The valuation was based on the current market value of freehold land and buildings, taking into consideration the sales of similar land and buildings in the area, and are categorised as Level 3 in the fair value hierarchy (refer note 31). The directors are satisfied that the outcome of this valuation adequately support the carrying value above.

NOTE 14 **Property, plant and equipment (continued)**

(d) **Leases**

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

(i) Amounts recognised in the Statements of Financial Position

	NOTE	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Right-of-use Assets					
Buildings		5,966	7,739	5,966	7,266
Equipment		836	490	836	490
		6,802	8,229	6,802	7,756
Lease Liabilities					
Payable within 12 Months		2,489	2,791	2,489	2,240
Payable > 12 Months		4,538	5,644	4,538	5,734
		7,027	8,435	7,027	7,974

Additions to the Right-of-use Assets during the 2023 financial year for the Bank were $630,000 (2022: $1,023,000), and for the Group were $745,000 (2022: $1,023,000).

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

	NOTE	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Depreciation charge of Right-of-use Assets					
Buildings		2,953	3,478	2,266	2,283
Equipment		251	181	259	181
	5	3,204	3,659	2,525	2,464
Interest expenses	3	419	490	411	458
Expense relating to short-term leases (included in rental expense on operating leases)	5	164	88	166	90
Expenses relating to variable lease payments not included in lease liabilities (included in rental expense on operating leases)	5	2	7	-	15

The total cash outflow for leases in 2023 for the Bank amounted to $3,497,000, (2022: $4,067,000), and for the Group amounted to $2,949,000 (2022: $2,942,000).

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 15 Intangible Assets				
(a) Carrying amounts				
Computer Software				
- At cost	4,115	4,115	4,682	4,778
- Accumulated amortisation	(3,883)	(3,809)	(4,450)	(4,472)
Total computer software	232	306	232	306

(b) Movements in carrying amounts

Reconciliations of the carrying amounts of each class of intangible assets between the beginning and end of the financial year are set out below.

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Computer Software				
Opening balance	306	483	306	538
- Additions		-		-
- Disposals		-		-
- Amortisation expense	(74)	(177)	(74)	(232)
Closing Balance	232	306	232	306

NOTE 16 Investment property

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Movements				
Opening balance	-	830	3,695	4,765
Capital expenditure	-	-		-
Proceeds from disposal	-	(792)		(792)
Net gain/(loss) on disposal	-	(38)		(38)
Net gain/(loss) from fair value adjustments	-	-	50	(240)
Disposed as part of discontinued operations	-	-	(3,745)	-
Closing balance	-	-	-	3,695

The fair value model is applied to all investment property. Investment properties are independently valued annually. Values are based on an active liquid market value and are performed by a registered independent valuer. The independent valuations were carried out by Paige Park, registered valuer no. 3848 and Alistair Weir API number 66276, of Herron Todd White on 5 June 2023; Alexander Dickinson, registered valuer no. 2278 and Mark Baxter, registered valuer no. 2528 of Opteon on 17 May 2023. The revaluations have been based on the current market value of freehold land and buildings, taking into consideration the sales of similar land and buildings in the area. Refer to note 31 for further disclosure on fair value measurement.

Notes to the financial statements

for the year ended 30 June 2023

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 17 Equity instruments at FVOCI				
Shares in unlisted entities	10,804	9,641	10,804	9,641

Refer to note 30(a) for further information relating to the market risks associated with these investments and note 31(b) for further information relating to the determination of fair values.

During the year, the Group recognised $814,000 (2022: 434,000) of fair value gains/(losses) on equity instruments at FVOCI in the Statements of Profit or Loss and Other Comprehensive Income, net of tax.

During the year, the Group recognised $258,000 (2022: $473,000) of dividends from equity instruments at FVOCI in profit or loss (other income – refer note 4).

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 Group has designated these investments at FVOCI from 1 July 2019, because the investments are held to enable the Group to receive essential banking services, rather than with a view to profit on subsequent sale, and there are no plans to dispose of these investments during the short term. These shares are not publicly traded and are not redeemable.

NOTE 18 Deferred tax assets

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
(a) Deferred tax assets comprise temporary differences attributable to:				
- provision for impairment	755	918	755	918
- provision for outstanding claims	-	-	-	91
- employee benefits	1,872	1,960	1,872	1,960
- depreciation	465	561	465	1,430
- land and buildings	580	417	489	(2,362)
- deferred claims liability	-	-	-	1,317
- other	(408)	256	(408)	537
	3,264	4,112	3,173	3,891
Amounts recognised in other comprehensive income				
- equity interests	(2,235)	(1,886)	(2,235)	(1,886)
Net deferred tax assets	1,029	2,226	938	2,005

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 18 Deferred tax assets (continued)				
(b) The movement in deferred tax assets for each temporary difference during the year is as follows:				
Provision for impairment				
Opening balance	918	1,296	918	1,296
Change recognised in profit or loss	(163)	(378)	(163)	(378)
Closing balance	755	918	755	918
Provision for outstanding claims				
Opening balance	-	-	91	74
Change recognised in profit or loss	-	-	47	17
Disposed as part of discontinued operations	-	-	(138)	-
Closing balance	-	-	-	91
Employee benefits				
Opening balance	1,960	1,976	1,960	1,976
Change recognised in profit or loss	(88)	(16)	(88)	(16)
Closing balance	1,872	1,960	1,872	1,960
Depreciation				
Opening balance	561	1,000	1,430	1,818
Change recognised in profit or loss	(115)	(439)	(613)	(388)
Adjustment recognised for prior periods	19	-	(11)	-
Disposed as part of discontinued operations	-	-	(341)	-
Closing balance	465	561	465	1,430
Land and buildings				
Opening balance	417	385	(2,362)	(1,868)
Change recognised in profit or loss	163	32	360	(494)
Adjustment recognised for prior periods	-	-	1,932	-
Disposed as part of discontinued operations	-	-	559	-
Closing balance	580	417	489	(2,362)
Deferred claims liability				
Opening balance	-	-	1,317	1,188
Change recognised in profit or loss	-	-	(1,317)	129
Disposed as part of discontinued operations	-	-	-	-
Closing balance	-	-	-	1,317
Equity Instruments				
Opening balance	(1,886)	(1,700)	(1,886)	(1,700)
Change recognised other comprehensive income	(349)	(186)	(349)	(186)
Closing balance	(2,235)	(1,886)	(2,235)	(1,886)
Other				
Opening balance	256	317	537	(87)
Under/Overprovision in prior year	(26)	(4)	2	9
Change recognised in profit or loss	(638)	(57)	(1,412)	615
Disposed as part of discontinued operations	-	-	465	-
Closing balance	(408)	256	(408)	537

Notes to the financial statements
for the year ended 30 June 2023

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 19 Other assets				
Prepayments	2,277	2,333	2,276	2,333
NOTE 20 Deposits				
Call deposits	1,742,535	1,845,482	1,742,535	1,825,054
Term deposits	909,864	661,395	909,864	657,993
Negotiable Certificates of Deposit	34,826	24,939	34,826	24,939
	2,687,225	2,531,816	2,687,225	2,507,986

Deposits expected to be settled more than 12 months after reporting date for the Bank amounted to $10,129,000 (2022: $24,222,000), for the Group amounted to $10,129,000 (2022: $24,222,000).

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.

Refer to note 30 for further information relating to the financial risk management of deposits and note 31(b) for information relating to their fair values.

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 21 Borrowings				
RBA Term Funding Facility	46,300	46,254	46,300	46,254
MTG QCCU Trust Repo Series No. 1	456,715	438,362	-	-
	503,015	484,616	46,300	46,254

Borrowings for the RBA Term Funding Facility 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. Refer to note 32 (ii) for details regarding collateral pledged for the RBA Term Funding Facility. Other borrowings are on an at-call basis. Refer to note 30 for further information relating to the financial risk management of borrowings and note 31(b) for information relating to their fair values.

Notes to the financial statements

for the year ended 30 June 2023

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 22 Other payables				
Accrued expenses	4,397	3,416	4,397	3,416
Contributions in advance – Queensland Country Health Fund Pty Ltd	-	-	-	19,064
Employee entitlements	3,029	3,160	3,029	3,160
Trade payables	255	917	255	1,009
Trail commissions payable	6,520	-	6,520	-
Other liabilities	2,144	4,008	2,142	7,488
	16,345	11,501	16,343	34,137

During the year ended 30 June 2023, the Group revised its accounting treatment of trail commission and recognised payables to mortgage brokers reflecting the present value of commission payments expected over the behavioural life of the loans. For further details refer note 1(c). Refer to note 30 for the maturity profile and note 31(b) for information relating to their fair values.

Trade payables are classified and measured at amortised cost, and all expected to mature within 12 months after the reporting date for the Bank and the Group in both periods presented. Refer to note 30 for further information relating to the financial risk management of trade payables and note 31(b) for information relating to their fair values.

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 23 Income tax payable/(receivable)				
Current income tax payable/(receivable)	45,112	(995)	45,112	33

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 24 Provisions				
Long service leave	3,212	3,373	3,212	3,374
Make good provision	1,161	1,385	1,161	1,393
Outstanding claims provision	-	-	-	7,845
Deferred claims liability	-	-	-	4,391
Unexpired risk liability	-	-	-	1,882
	4,373	4,758	4,373	18,885

(a) Make good provision

The movements in the make good provision were as follows:	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
– Carrying amount – opening balance	1,385	1,090	1,393	1,075
– Additional provisions raised during the year	106	305	116	328
– Amounts used	(330)	(10)	(330)	(10)
- Disposed as part of discontinued operations	-	-	(18)	-
– Carrying amount – closing balance	1,161	1,385	1,161	1,393

The Group is required under the terms of their leases to restore the leased premises at the end of the lease to its original condition. A provision has been recognised for the present value of the estimated expenditure required to demolish any leasehold improvements at the end of the lease. These costs have been capitalised as part of the cost of the leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Notes to the financial statements

for the year ended 30 June 2023

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 24 Provisions (continued)				
(b) Outstanding claims provision				
– Carrying amount – opening balance	-	-	7,845	6,868
– Additional provisions required	-	-	3,565	977
– Reduction in provisions required	-	-	-	-
- Disposed as part of discontinued operations	-	-	(11,410)	-
– Carrying amount – closing balance	-	-	-	7,845

The provision for outstanding claims relates to Queensland Country Health Fund Pty Ltd, it provides for claims received but not assessed and claims incurred but not received. The provision is based on actuarial assessment taking into account historical patterns of claim incidence and processing. The provision also provides for the expected payment to the Risk Equalisation Trust Fund and claims handling costs.

(c) Deferred claims liability

The movements in the deferred claims liability were as follows:	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
– Carrying amount – opening balance	-	-	4,391	3,961
– Add claims provided for during the year	-	-	-	4,391
– Less claims utilised during the year	-	-	(4,391)	(3,961)
– Carrying amount – closing balance	-	-	-	4,391

The deferred claims liability relates to Queensland Country Health Fund Pty Ltd, it provides for claims that were expected to occur but did not eventuate due to the impact of COVID-19 related restrictions on hospital, medical and ancillary services.

(d) Unexpired risk liability

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
– Carrying amount – opening balance	-	-	1,882	787
– Additional provisions required	-	-	-	1,845
– Reduction in provisions required	-	-	(1,882)	(750)
– Carrying amount – closing balance	-	-	-	1,882

The unexpired risk liability relates to Queensland Country Health Fund Pty Ltd; it provides for a deficiency between future premium income and future claims and expenses. The provision is based on actuarial liability adequacy testing performed on hospital and general treatment contracts up to 1 April 2023.

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000

NOTE 25 Reserves

(a) FVOCI reserve

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 1. These changes 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.

The movements in the FVOCI reserve were as follows:	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
– Carrying amount – opening balance	4,401	3,967	4,401	3,967
– Other comprehensive income net of income tax	814	434	814	434
Carrying amount – closing balance	5,215	4,401	5,215	4,401

(b) Other reserves

The nature and movements in other reserves are shown below:

(i) Business combination reserve

The business combination reserve recognises the net assets acquired on previous mergers.

The movements in the business combination reserve were as follows:	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Carrying amount – opening balance	60,543	60,543	60,543	60,543
Carrying amount – closing balance	60,543	60,543	60,543	60,543

(ii) General reserve

The general reserve records funds set aside for future expansion of the Bank. There were no movements in the general reserve at $44,257,000 (2022: $44,257,000).

NOTE 26 Statements of cash flows

(a) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and "at call" deposits, net of overdrafts with other financial institutions. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Cash and cash equivalents	93,630	52,483	93,630	55,114

(b) Reconciliation of cash flow from operations with profit after income tax

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Profit after income tax	149,791	11,982	53,656	13,737
– (Gain)/loss on sale of property, plant and equipment	(59)	44	(59)	58
– (Gain)/loss on sale of investment property	-	38	-	38
– (Gain)/loss on sale of subsidiaries	(158,931)	-	(80,765)	-
– Net (profit)/loss from discontinued operations	-	-	(14,355)	-
– Depreciation and amortisation	2,388	1,411	2,339	2,614
– Depreciation – right of use asset	3,204	3,658	2,525	2,463
– Decrease/(increase) in investment property	-	-	-	240
– Decrease/(increase) in fair value of equities	(1,163)	(620)	(1,163)	(620)
– Provision for loan impairment	(185)	(537)	(185)	(537)
Changes in operating assets and liabilities:				
– (Increase)/decrease in loans and advances	(182,396)	(143,836)	(182,244)	(143,836)
– Increase/(decrease) in member deposits	146,185	180,549	146,186	175,802
– Increase/(decrease) in interest payable	9,224	(317)	9,226	(316)
– (Increase)/decrease in interest receivable	1,117	(475)	1,150	(568)
– (Increase)/decrease in property, plant and equipment	(28,299)	-	1,867	-
– (Increase)/decrease in prepayments	56	(487)	57	(487)
– (Increase)/decrease in sundry debtors	483	(1,351)	1,250	(1,804)
– (Increase)/decrease in deferred tax assets	1,197	1,047	1,287	692
– Increase/(decrease) in income tax payable	44,117	(547)	45,112	612
– Increase/(decrease) in provisions	(385)	408	(385)	2,934
– Increase/(decrease) in payables and other liabilities	(1,677)	(2,461)	(1,589)	(792)
Net cash provided by/(used in) operating activities	(15,333)	48,506	(16,090)	50,230

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
NOTE 27 Commitments				
(a) Future capital commitments	-	-	-	-
(b) Operating lease commitments Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:				
– Not longer than 1 year	3	21	3	23
– Longer than 1 and not longer than 5 years	-	-	-	-
– Longer than 5 years	-	-	-	-
	3	21	3	23

The group leases various sites for branch or office operations under non-cancellable operating leases expiring within four months to five years. Leases have varying terms and renewal rights.
From 1 July 2019, the group has recognised right-of-use assets for these leases, except for short-term and low-value leases, and leases committed to but not yet commenced. See Note 1(m) and Note 14 for further information.

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
(c) Outstanding loan commitments Loans and credit facilities approved but not funded or drawn at the end of the financial year:				
– Loans approved but not funded	83,620	69,742	83,620	69,742
– Undrawn overdraft, line of credit and VISA facilities	60,696	64,837	60,696	64,837
(d) Operating leases receivable Commitments for minimum lease payments in relation to non-cancellable leases are payable as follows:				
– Not longer than 1 year	806	49	806	471
– Longer than 1 and not longer than 5 years	1,013	49	1,013	1,220
– Longer than 5 years	-	-	-	-
	1,819	98	1,819	1,691

Operating lease receivables relate to property leases of unutilised space in properties to third parties, including the Head Office premises. Leases are non-cancellable and are of varying terms up to 5 years with option periods of up to 5 years.

NOTE 28 Subsidiaries and other entities

The parent entity is Queensland Country Bank Limited. Particulars in relation to Subsidiaries and Other Entities:

Name	Country of incorporation	Ownership interest held by group 2023	Ownership interest held by group 2022
Queensland Country Health Fund Pty Ltd	Australia	0%	100%
MTG QCCU Trust Repo Series No.1	Australia	100%	100%
Queensland Country Care Navigation Pty Ltd	Australia	0%	100%

NOTE 28 Subsidiaries and other entities (continued)

Queensland Country Health Fund Pty Ltd is a registered "for profit" health insurer. Until 16th June 2023, Queensland Country Health Fund Pty Ltd was a company limited by guarantee, at which time it converted to a company limited by shares. Queensland Country Health Fund Pty Ltd was operated by the Bank under a contract of management, until 30th June 2023, when it was disposed (refer Note 29).

Queensland Country Care Navigation Pty Ltd was established on the 4th January 2016 and is a subsidiary company of Queensland Country Health Fund Pty Ltd. This company had an agreement with the Health Fund to provide care coordination services to Members of the Health Fund and had a management agreement in place with the Bank until 30th June 2023, when it was also disposed (refer Note 29).

The MTG QCCU Trust Repo Series No. 1 is a structured entity that has been established to support the ongoing liquidity management framework of Queensland Country Bank Limited. The Bank has purchased the Floating Rate Notes issued by the Trust which are able to be sold to and repurchased from the Reserve Bank of Australia if required. However, this is only expected to occur in the event of a stressed liquidity scenario. Queensland Country Bank Limited is the residual income unit holder of the Trust. Refer to note 32 for further details on securitisation.

NOTE 29 Discontinued operations

a) Description

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. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

b) Financial impact of discontinued operations on the Group

The performance and net cash flows for Queensland Country Health Fund Pty Ltd and Queensland Country Care Navigation Pty Ltd are set out in the tables below.

	Full year ended 2023 $'000	Full year ended 2022 $'000
Contributions from policyholders	156,895	149,834
Claims, policyholder liabilities and commission expense	(122,302)	(122,261)
Net insurance operating income	34,593	27,573
Other operating income	6,064	3,101
Operating expenses	(18,335)	(19,629)
Profit before income tax	22,322	11,045
Income tax expense	(5,238)	(2,854)
Net profit after income tax	17,084	8,191
Gain on sale of subsidiaries (see note (c) below)	33,190	-
Transaction and separation costs	(2,729)	-
Net profit after income tax from discontinued operations	**47,545**	**8,191**

Notes to the financial statements

for the year ended 30 June 2023

	Full year ended 2023 $'000	2022 $'000
NOTE 29 Discontinued operations (continued)		
Net cash provided by/(used in) operating activities	(757)	1,723
Net cash provided by/(used in) investing activities	(2,412)	(6,779)
Net cash provided by/(used in) financing activities	539	1,143
Net (decrease) in cash generated by the subsidiaries	(2,630)	(3,913)

c) **Details of the sale of the subsidiaries**

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

d) **Details of the sale of the subsidiaries**

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.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 29 Discontinued operations (continued)

The carrying amounts of assets and liabilities of the subsidiaries as at the date of sale (30 June 2023) were:

	2023 $'000
Assets	
Cash and cash equivalents	20,253
Financial assets at fair value through profit or loss	38,202
Other receivables	5,650
Investment securities at amortised cost	45,939
Deferred tax assets	-
Property, plant and equipment	1,501
Right-of-use assets	227
Investment property	3,745
Total assets	115,517
Liabilities	
Income tax payable	461
Other payables:	
- Contributions in advance	20,186
- Accruals and other liabilities	4,547
Provisions:	
- Outstanding claims provision	11,410
- Unexpired risk liability	-
- Other provisions	202
Deferred tax liability	545
Total liabilities	37,351
Net assets	78,166

NOTE 29 Discontinued operations (continued)

e) Other accounting policies and disclosures relating to discontinued operations

i) Contribution income

Contribution income for the Health Fund comprises contributions received from Policy holders, inclusive of any Government Rebate. Contribution income is recognised when earned over the period of the membership. Contributions in advance amounts are recognised as revenue as the income is earned.

ii) Assets backing private health insurance liabilities

The Health Fund manages its financial investments to ensure it has sufficient funds to meet all private health insurance liabilities, such as members' claims and operational expenses as they fall due. To ensure that the risks inherent in the Health Fund's investments are appropriately managed, the Board has endorsed a strategy of placing no more than 25% of the total term deposits with any one financial institution, while ensuring that there is reasonable spread of maturity dates. Central to the management of the Health Fund's liquidity is the forecasting of daily cash flows. The Board is regularly advised about the extent of surplus funds available based on historical records and latest projections of cash flows, including expectations of contributions and risk equalisation funds and claims to be paid out. As at 30 June 2023, the Board determined that private health insurance liabilities are reasonably backed by financial assets.

iii) Actuarial assumptions and methods - Outstanding claims and risk margin
The outstanding claims estimate is derived based on three valuation classes, namely hospital, medical and general treatment services. In calculating the estimated cost of unpaid claims, a chain ladder method is used, this assumes that the development pattern of the current claims will be consistent with historical experience. Where deemed necessary, manual adjustments were made to the outstanding claims by service month to produce an appropriate estimate of incurred claims for the service month.

Actuarial assumptions:
The following assumptions have been made in determining the outstanding claims liability based on inputs from management and advice from the Appointed Actuary.

	2023			2022		
Variables	**Hospital %**	**Medical %**	**General treatment %**	Hospital %	Medical %	General treatment %
Proportion paid to date	90.00	95.00	98.00	93.00	95.00	98.00
Expense rate	4.50	4.50	4.50	4.00	4.00	4.00
Discount rate	Nil	Nil	Nil	Nil	Nil	Nil
Risk equalisation rate	14.00	14.00	N/A	14.86	14.86	N/A
Risk margin	7.00	7.00	7.00	6.00	6.00	6.00

The risk margin of 7.00% (2022: 6.00%) of the underlying liability has been estimated to equate to a probability of adequacy greater than 75.00% (2022: 75.00%).

Process used to determine assumptions:
A description of the processes used to determine these assumptions is provided below:

Notes to the financial statements

for the year ended 30 June 2023

NOTE 29 Discontinued operations (continued)

(i) Proportion paid to date
The proportion paid to date summarises the application of the chain ladder method (over the 12 months to 30 June 2023) described above to determine the total expected incurred in each service month. The proportion paid to date has been determined with one month's paid claims hindsight.

(ii) Discount rate
As claims for health funds are generally settled within one year, no discounting of claims is usually applied as the difference between the undiscounted value of claims payments and the present value of claims payments is not likely to be material. An increase in the proportion assumed paid to date, would lead to more claims being paid earlier and therefore a decrease in the liability.

(iii) Expense rate
Claims handling expenses were calculated by reference to past experience of total claims handling costs as a percentage of total past payments. An increase or decrease in this expense would have a corresponding effect on the claims expense.

(iv) Risk equalisation rate
In simplified terms, each private health insurer is required to contribute to the risk equalisation pool or is paid from the pool to equalise their hospital claims exposure to members aged over 55 years of age and in respect of high cost claims. This is an allowance made in respect of the claims incurred but not yet paid. An increase or decrease in this expense would have a corresponding effect on the claims expense.

(v) Risk margin
The risk margin has been based on an analysis of the past experience of the Health Fund. This analysis examined the volatility of past payments that has not been explained by the model adopted to determine the central estimate. This past volatility has been assumed to be indicative of the future volatility and has been set at a level estimated to equate to a probability of adequacy greater than 75% (2022: 75%). An increase or decrease in this margin would have a corresponding effect on the outstanding claims liability.

Sensitivity analysis – Insurance contracts:

Summary
The Appointed Actuary conducts sensitivity analyses to quantify the exposure risk of changes in the key underlying variables and assumptions. The movement in any key variable will impact the performance and equity of the Group.

The tables below describe how a change in each assumption will affect the health insurance liabilities and hence the profit or loss and the equity of the Group.

NOTE 29 Discontinued operations (continued)

	Profit 2023 $'000	Equity 2023 $'000
Recognised amounts in the financial statements	53,656	342,705

Variables	Movement in variable %	Adjustments on surplus $'000	Adjusted amount included in profit or loss $'000	Adjustments in Equity $'000	Adjusted amount included in Statements of Financial Position $'000
Central estimate	+1%	(114)	53,542	(114)	342,591
% development	-1%	114	53,770	114	342,819
Expense rate	+1%	(109)	53,547	(109)	342,596
Expense rate	-1%	109	53,765	109	342,814
Risk equalisation rate	+1%	(94)	53,562	(94)	342,611
Risk equalisation rate	-1%	94	53,750	94	342,799
Risk margin	+1%	(107)	53,549	(107)	342,598
Risk margin	-1%	107	53,763	107	342,812

	Profit 2022 $'000	Equity 2022 $'000
Recognised amounts in the financial statements	13,617	289,115

Variables	Movement in variable %	Adjustments on surplus $'000	Adjusted amount included in profit or loss $'000	Adjustments in Equity $'000	Adjusted amount included in Statement of Financial Position $'000
% development	+1%	(78)	13,539	(78)	289,037
% development	-1%	78	13,695	78	289,193
Expense rate	+1%	(75)	13,542	(75)	289,040
Expense rate	-1%	75	13,692	75	289,190
Risk equalisation rate	+1%	(63)	13,554	(63)	289,052
Risk equalisation rate	-1%	63	13,680	63	289,178
Risk margin	+1%	(74)	13,543	(74)	289,041
Risk margin	-1%	74	13,691	74	289,189

NOTE 29 Discontinued operations (continued)

iv) Actuarial assumptions and methods - Deferred claims liability (DCL)

At 30 June 2023, the deferred claims liability is nil. The approach to determine the deferred claims estimate between 1 January 2022 and 30 April 2023 had been developed in line with APRA and ASIC guidelines issued in June 2020 to provide at least 75% probability of sufficiency.

If cover remains in place, a responsibility exists to provide for these claims that have been deferred and health fund members with continuing cover would have had an expectation to use and therefore claim on hospital, medical and ancillary services had the pandemic not arisen.

Sensitivity analysis – insurance contracts
As the deferred claims liability is nil at 30 June 2023, the change in assumptions will have no effect on the health insurance liabilities or profit or loss and equity of the Group.

For 30 June 2022, the table below describes how a change in each assumption will affect the health insurance liabilities and hence the profit or loss and the equity of the Group.

	Profit 2022 $'000	Equity 2022 $'000
Recognised amounts in the financial statements	13,617	289,115

Variables	Movement in variable %	Adjustments on surplus $'000	Adjusted amount included in profit or loss $'000	Adjustments in Equity $'000	Adjusted amount included in Consolidated Statement of Financial Position $'000
recent claims forecast prior to the pandemic	+1%	299	13,916	299	289,414
	-1%	(299)	13,318	(299)	288,816
deferral rate for hospital deferred claims	+1%	56	13,673	56	289,171
	-1%	(56)	13,561	(56)	289,059
deferral rate for ancillary deferred claims	+1%	9	13,626	9	289,124
	-1%	(9)	13,608	(9)	289,106
Risk equalisation	+1%	227	13,844	227	289,342
	-1%	(227)	13,390	(227)	288,888

NOTE 30 Financial risk management

The Board of Directors (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
- Liquidity and Funding Risk Management
- Credit 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.

(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 the changes in interest rates. Most ADIs are exposed to interest rate risk within their treasury operations. 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 the Group manages and measures interest rate risk 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.

Notes to the financial statements
for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

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

Bank Repricing Period: 30 June 2023	Floating Interest Rate $'000	Fixed interest rate maturing: 1 year or less $'000	1 to 5 years $'000	Non Interest Sensitive $'000	Total $'000
Financial Assets					
- Cash and cash equivalents	82,424	-	-	11,206	93,630
- Trade debtors	-	-	-	3,182	3,182
- Investment securities at amortised cost	550,000	384,502	141,356	-	1,075,858
- Loans and advances at amortised cost	1,136,296	505,408	726,601	9,480	2,377,785
- Equity instruments at FVOCI	-	-	-	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
Repricing Period: 30 June 2022					
Financial Assets					
- Cash and cash equivalents	45,453	-	-	7,030	52,483
- Trade debtors				1,809	1,809
- Investment securities at amortised cost	550,000	304,013	109,046	-	963,059
- Loans and advances at amortised cost	1,175,203	347,209	666,330	-	2,188,742
- Equity instruments at FVOCI	-	-	-	9,641	9,641
	1,770,656	651,222	775,376	18,480	3,215,734
Financial Liabilities					
- Deposits	1,846,605	660,988	24,223	-	2,531,816
- Borrowings	438,362	-	46,254	-	484,616
- Trade payables	-	-	-	917	917
	2,284,967	660,988	70,477	917	3,017,349

Based on calculations at 30 June 2023 the net profit impact to the Bank of a 1% (2022:1%) movement in interest rates would be $6,029,332 (2022: $3,379,000).

NOTE 30 Financial risk management (continued)

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

Group Repricing Period: 30 June 2023	Floating Interest Rate $'000	Fixed interest rate maturing: 1 year or less $'000	1 to 5 years $'000	Non Interest Sensitive $'000	Total $'000
Financial Assets					
- Cash and cash equivalents	82,424	-	-	11,206	93,630
- Trade debtors	-	-	-	3,182	3,182
- Investment securities at amortised cost	93,285	384,502	141,356	-	619,143
- Loans and advances at amortised cost	1,136,296	505,408	726,601	9,480	2,377,785
- Equity instruments at FVOCI	-	-	-	10,804	10,804
	1,312,005	889,910	867,957	34,672	3,104,544
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
Repricing Period: 30 June 2022					
Financial Assets					
- Cash and cash equivalents	48,084	-	-	7,030	55,114
- Trade debtors	-	-	-	505	505
- Investment securities at amortised cost	111,638	319,562	124,354	-	555,554
- Loans and advances at amortised cost	1,175,203	347,209	666,330	-	2,188,742
- Equity instruments at FVOCI	-	-	-	9,641	9,641
	1,334,925	666,771	790,684	17,176	2,809,556
Financial Liabilities					
- Deposits	1,826,175	657,588	24,223	-	2,507,986
- Borrowings	-	-	46,254	-	46,254
- Trade payables	-	-	-	1,009	1,009
	1,826,175	657,588	70,477	1,009	2,555,249

Based on calculations at 30 June 2023 the net profit impact to the Group of a 1% (2022:1%) movement in interest rates would be $6,029,3332 (2022: $3,379,000). This represents 2.41% (2022: 1.77%) of the current capital base of $338,127,000 (2022: $190,832,000).

Notes to the financial statements

for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

(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. (refer note 17).

The Group's maximum exposure to equity securities price risk is the carrying amounts of the investments of $10,804,000 (2022: $9,641,000). 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 $1,080,400 (2022: $964,000). 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 contractual cash flows of debt instruments carried at amortised cost and FVPL (including cash and cash equivalents), trade debtors, and credit exposures to wholesale and retail customers, including loans and advances and outstanding receivables.

A. Loans and advances at amortised cost

(i) Risk management

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.

(ii) Collateral

The majority of Queensland Country Bank's loan book is secured on residential property in Australia. Therefore, the Bank is exposed to risks in the reduction of the Loan to Value Ratio (LVR) cover should the property market be subject to a decline.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. Where collateral is held, it is in the form of mortgage interests over property, other registered securities over assets, mortgage insurance and guarantees. The fair value of the collateral is measured at the time of providing the loan or advance and is required to be no less than 100% of the loan or advance for mortgage loans. Collateral may be less than 100% of the loan or advance on personal loans. The fair value of the collateral is generally not updated except when a loan or advance is individually assessed as impaired. Collateral is usually not held over loans and advances to, or deposits with, other financial institutions.

It is the policy of the Bank to allow members with a secured loan or advance reasonable assistance and opportunity to rectify a default prior to recovery procedures being initiated. In general, the Group does not take possession of collateral it holds as security or call on other credit enhancements that would result in recognition of an asset on the balance sheet.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

(iii) Concentration risk
Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. Concentration exposures are closely monitored.

The Bank 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 2023 is $2,073,922,000 (2022: $1,854,486,000).

Concentration risk can also arise from the Bank's exposure to an individual counterparty (or group of related parties). The Bank minimises this risk by undertaking transactions with a large number of customers. Concentration risk is also managed in accordance with the Prudential Standards. A large exposure is considered to exist if prudential limits are exceeded as a proportion of the Bank's regulatory capital (10 per cent). No capital is required to be held against these, but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10 per cent capital benchmark to be higher than acceptable. At 30 June 2023, the Bank did not hold any large loan exposures to individual counterparties (or groups of related parties).

(iv) Impairment
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
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- The borrower is more than 29 days past due on their contractual repayments for loans, and more than 13 days past due for revolving credit facilities.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

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, and more than 13 days past due for 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.

Maximum exposure to credit risk:
The Group's maximum exposure to credit on loans and advances is the gross carrying amount of loans and advances, before taking account of any collateral held or other credit enhancements, as shown in the table below. 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.

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 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

Bank and Group	**Stage 1** 12-month ECL Collective **$'000**	**Stage 2** Lifetime ECL Collective **$'000**	**Stage 3** Lifetime ECL Specific **$'000**	**Total $'000**
30 June 2022				
- Commercial	60,705	235	-	60,940
- Housing	1,959,934	9,399	2,033	1,971,366
- Personal	118,362	485	299	119,146
- Overdraft	26,698	-	391	27,089
- Credit cards	13,089	-	174	13,263
Gross carrying amount	2,178,788	10,119	2,897	2,191,804
Impairment provision	1,251	680	1,131	3,062

Calculation of ECL:
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. In the prior year, stage 3 loans were assessed individually, whereas in the current year they have been modelled and assessed collectively.

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

NOTE 30 Financial risk management (continued)

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 discount rate used in the ECL calculation is the 10%.

Incorporation of forward-looking information and macroeconomic scenarios:

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 (baseline, mild downturn, and severe downturn) 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 recruited 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 Risk 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 ECLs. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

The table below provides a summary of macroeconomic assumptions used in each scenario at 30 June 2023:

Scenario	Weighting	Assumptions applied
Upside	2.5%	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: • 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. 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.

NOTE 30 Financial risk management (continued)

Scenario	Weighting	Assumptions applied
Base Case	95%	This scenario reflects a slight deterioration in economic conditions compared to those currently prevalent. Specifically, the following assumptions have been applied: • 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. 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.
Downside	2.5%	This scenario reflects a moderate deterioration in economic conditions compared to the base case. Specifically, the following assumptions have been applied: • 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; • Interest rates will continue to increase to 50% above current levels. 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.

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 2023, the Bank held $500,000 (2022: $500,000) overlays, included in Stage 2 provisions.

Sensitivity of provisions for impairment to changes to forward looking assumptions:

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	2023 $'000
Reported probability weighted ECL	2,017
100% Upside scenario	1,530
100% Base case scenario	1,988
100% Downside scenario	3,613

Notes to the financial statements

for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

Provision for impairment:
The following table discloses the breakdown of the ECL by component for the years ended 30 June 2023 and 30 June 2022:

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 2021	**1,170**	**1,136**	**-**	**2,013**	**4,319**
Net transfer between stages	(293)	90	-	203	-
New loans originated	212	3	-	11	226
Loans derecognised	(109)	(24)	-	(133)	(266)
Change in measurement	271	(525)	-	(243)	(497)
Loan impairment expense/(benefit) during the year	**81**	**(456)**	**-**	**(162)**	**(537)**
Write-offs from the provision	**-**	**-**	**-**	**(720)**	**(720)**
Loss allowance at 30 June 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 2023

NOTE 30 Financial risk management (continued)

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 2023 and 30 June 2022:

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 2021	**2,032,567**	**11,720**	**-**	**4,401**	**2,048,688**
Net transfer between stages	(7,750)	7,870	-	(120)	-
New loans originated	592,727	387	-	-	593,114
Loans derecognised including write offs	(346,185)	(4,197)	-	(1,455)	(351,837)
Change in balances for loans already provided for	(92,571)	(5,661)	-	71	(98,161)
Gross loans and advances at 30 June 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**

NOTE 30 Financial risk management (continued)

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 write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 30 June 2023 was $nil (2022: $nil). The Group may seek to recover amounts it is legally owed in full, but which have been partially written off to no reasonable expectation of full recovery. A reconciliation of the impairment expense on loans and advances to members is provided below:

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Impairment expense on loans and advances				
- New and increased provisions (net of releases)	(545)	(1,258)	(545)	(1,258)
- Recoveries of specific provisions	-	-	-	-
- Write-off of specific provisions	360	721	360	721
Total impairment expense/(benefit) for loans and advances	(185)	(537)	(185)	(537)

Modifications:
The Group sometimes modifies the terms of loans provided to members due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 1(f)). The Group monitors the subsequent performance of these assets, and where it improves may move them from Stage 3 or Stage 2 (lifetime ECL) into Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The gross carrying amount of such assets held at 30 June 2023 was $673,000 (2022: $1,513,000).

B. Debt instruments at amortised cost and FVPL (including cash and receivables due from other financial institutions)
(i) Risk management
Credit risk in relation to debt instruments is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when counterparties fail to settle their obligations owing to the Group.

The Group uses the ratings of reputable ratings agencies to assess the credit quality of all debt exposures, where applicable, using the credit quality assessment scale in APRA Prudential Standard 112. The credit ratings of the investments are monitored for credit deterioration. Individual risk limits are set based on credit ratings in line with prudential requirements, and internal board approved limits. The compliance with limits is regularly monitored by management and has been complied with during the current and previous periods.

(ii) Collateral
Collateral is usually not held against debt instruments.

Notes to the financial statements
for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

(iii) Concentration risk
The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investment body and the limits to concentration on one entity. Investments are limited to various percentages of the capital base depending on their external ratings as per below:

	Maximum (% of capital base)
Cuscal	60%
Westpac	60%
Indue Limited	25%
Any single/group related ADI – rated AA	25%
Any single/group related ADI – rated A	25%
Other External Parties	25%
Unrated Parties	15%

The higher exposure to settlement services provider (Cuscal) reflects the nature of the assets involved (security deposits together with balances of daily settlement accounts). Similarly, Westpac as the Bank's wholesale transactional account has a higher exposure limit to provide enhanced flexibility managing wholesale transactions.

(iv) Impairment
All of the Group's investments in debt instruments at amortised cost are considered to be low credit risk, as they have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. The identified impairment loss relating to these investments was assessed by the

Group as immaterial, and as such no impairment losses or provisions relating to debt instruments at amortised cost have been recognised in the current or prior periods.

The maximum exposure to credit risk for debt instruments at cost and FVPL are the carrying amounts of these assets as disclosed in the Statements of Financial Position. No modifications of financial assets have occurred during the current or prior reporting periods.

C. Trade debtors
(i) Risk management
Trade debtors of the Bank consist primarily of expenses paid on behalf of the Health Fund. Trade debtors are generally due for settlement within 21 to 30 days. Collectability is reviewed on an ongoing basis.

(ii) Collateral
Collateral is usually not held against trade debtors.

(iii) Concentration risk
There are no significant concentrations of credit risk for trade debtors.

(iv) Impairment
All of the Group's trade debtors are considered to be low credit risk, as they have a low risk of default and the debtors have a strong capacity to meet their contractual cash flow obligations in the near term. The identified impairment loss relating to trade debtors was assessed by the Group as immaterial, and as such no impairment losses or provisions relating to trade debtors have been recognised in the current or prior periods.

The maximum exposure to credit risk for trade debtors are the carrying amounts of these assets as disclosed in note 11. No modifications have occurred during the current or prior reporting periods.

(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

Notes to the financial statements

for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

Board that the Group maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

The Group manages liquidity risk by:

- 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 Bank's policy is to maintain at least 11% of funds as liquid assets to maintain adequate funds for meeting Member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level, the Management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits and the borrowing facilities available.

The ratio of liquid funds held over the past year is set out below:

	2023	2022
Liquid funds to total adjusted liabilities:		
- As at 30 June	20.96%	16.97%
- Average for the year	18.62%	18.05%
- Minimum during the year	16.21%	16.29%
Liquid funds to total member deposits		
- As at 30 June	23.02%	18.34%

To manage liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents and investments grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. At the end of the reporting period, the total of such deposits held by the Group was $518,211,000 (2022: $387,978,000) and for the Bank was $518,211,000 (2022: $387,978,000). The Group also has access to an overdraft facility through Indue Limited and Cuscal Limited. These facilities as shown below are floating rate, and may be withdrawn at any time without notice:

	Bank		Group	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Overdraft facility approved	500	500	500	500
Overdraft facility used	-	-	-	-
Overdraft facility available	500	500	500	500

(d) Capital management

The Bank's objective is to maintain sufficient capital resources to support business activities and operating requirements and to ensure continuous compliance with externally imposed capital ratios. To manage the Bank's capital, the Bank 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 14.25%.

The Health Fund is subject to prudential regulation prescribed in the *Private Health Insurance Act 2007* and administered by the Australian Prudential Regulation Authority (APRA). The prudential regulation includes solvency and capital adequacy requirements that are designed to protect the long-term viability of the company and the best interest of contributors. The Health Fund has capital objectives significantly exceeding the solvency and capital adequacy requirements and utilises the appointed actuary for advice in determining an appropriate target capital level for the company.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 30 Financial risk management (continued)

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.

	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
Bank - Maturity profile of financial liabilities							
2023 Financial liabilities							
- Deposits	2,687,225	2,694,530	1,869,626	263,365	550,914	10,625	-
- Borrowings	503,015	576,044	13,974	26,954	152,034	280,898	102,184
- 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	3,360,699	1,930,668	317,906	709,641	300,300	102,184
2022 **Financial liabilities**							
- Deposits	2,531,816	2,533,839	1,957,404	267,669	284,207	24,559	-
- Borrowings	484,616	554,156	12,279	23,985	96,637	316,506	104,749
- Trade payables	917	917	917	-	-	-	-
- Unrecognised loan commitments	69,742	69,742	38,956	22,833	4,803	3,150	-
	3,087,091	3,158,654	2,009,556	314,487	385,647	344,215	104,749
Group – Maturity profile of financial liabilities							
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	-
2022 **Financial liabilities**							
- Deposits	2,507,986	2,509,916	1,934,973	266,667	283,804	24,472	-
- Borrowings	46,254	46,274	-	-	-	46,274	-
- Trade payables	1,009	1,009	1,009	-	-	-	-
- Unrecognised loan commitments	69,742	69,742	38,956	22,833	4,802	3,151	-
	2,624,991	2,626,941	1,974,938	289,500	288,606	73,897	-

NOTE 31 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 following table classifies assets and liabilities that are recognised and measured at fair value in the financial statements on a recurring basis at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statements of Financial Position.

		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Bank					
2023	Financial assets at FVPL	-	-	-	-
	Equity instruments at FVOCI	-	-	10,804	10,804
	Investment property	-	-	-	-
Total		-	-	10,804	10,804
2022	Financial assets at FVPL	-	-	-	-
	Equity instruments at FVOCI	-	-	9,641	9,641
	Investment property	-	-	-	-
Total		-	-	9,641	9,641
Group					
2023	Financial assets at FVPL	-	-	-	-
	Equity instruments at FVOCI	-	-	10,804	10,804
	Investment property	-	-	-	-
Total		-	-	10,804	10,804
2022	Financial assets at FVPL	-	40,277	-	40,277
	Equity instruments at FVOCI	-	-	9,641	9,641
	Investment property	-	-	3,695	3,695
Total		-	40,277	13,336	53,613

NOTE 31 Fair value measurement (continued)

(b) Valuation techniques to determine fair values

(i) Cash and cash equivalents, trade debtors, trade payables, borrowings – securitisation, and investment securities at amortised cost

Due to the short-term nature of these assets and liabilities, their carrying amounts are considered to be the same as their fair values as disclosed in the Statements of Financial Position and accompanying notes.

(ii)Trail Commissions Payable is equal to the present value of commission payments expected over the behavioural life of the loans. The carrying amount value is considered to be a reasonable approximation of the fair value.

(iii) Other financial assets

Equity instruments at FVOCI:

The Bank holds unlisted equity investments in Indue and Cuscal (refer note 17). The fair value measurements of the unlisted equity securities have been categorised as level 3 in the fair value hierarchy based on the inputs to the valuation techniques used. Details of the significant unobservable inputs used and relationship between unobservable inputs and fair value follow:

Valuation approach	Unobservable inputs used	Fair value at 30 June 2023 $'000	Fair value at 30 June 2022 $'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 2023. 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 2023: $555 per share 30 June 2022: $471 per share	7,420	6,297	An increase/ decrease of 10% on the net asset backing per share would result in an increase/ decrease in the fair value by $742,000 (2022: $629,000)
	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 2023: $1.68 per share 30 June 2022: $1.66 per share	3,384	3,344	An increase / decrease of 10% on the net asset backing per share would result in an increase/ decrease in the fair value by $338,000 (2022: $334,000)

Financial assets at FVPL:

These are valued using quoted market prices or dealer quotes for similar instruments. The fair values are disclosed in the Statements of Financial position.

(iv) Loans and advances

For variable rate loans, the carrying amount 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. These are classified as level 2 in the fair value hierarchy and their fair values are below:

NOTE 31 Fair value measurement (continued)

	2023 Carrying Amount $'000	2023 Fair Value $'000	2022 Carrying Amount $'000	2022 Fair Value $'000
Loans and advances				
Bank	2,377,785	2,369,875	2,188,742	2,189,534
Group	2,377,785	2,369,875	2,188,742	2,189,534

(v) Deposits
The fair value of at-call and variable rate deposits and fixed rate deposits repriced 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. These are classified as level 2 in the fair value hierarchy and their fair values are below.

	2023 Carrying Amount $'000	2023 Fair Value $'000	2022 Carrying Amount $'000	2022 Fair Value $'000
Deposits				
Bank	2,687,225	2,685,955	2,531,816	2,529,056
Group	2,687,225	2,685,955	2,507,986	2,643,885

(vi) Property, plant and equipment
Properties carried at historical cost are revalued every three years in accordance with internal policy. The basis of these valuations is described in note 14. They are categorised as level 3 in the fair value hierarchy.

(vii) Borrowings – RBA Term Funding Facility
The fair value of the RBA Term Funding Facility was calculated by utilising 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. It is classified as level 2 in the fair value hierarchy and its fair value is below.

	2023 Carrying Amount $'000	2023 Fair Value $'000	2022 Carrying Amount $'000	2022 Fair Value $'000
RBA Term Funding Facility				
Bank	46,300	44,702	46,254	43,684
Group	46,300	44,702	46,254	43,684

(viii) Investment property
The fair value measurement the investment property has been categorised as level 3 fair value based on the inputs to the valuation techniques used. Details of the significant unobservable inputs used and relationship between unobservable inputs and fair value follow:

NOTE 31 Fair value measurement (continued)

Valuation approach	Inputs Used	Fair value at 30 June 2023 $'000	Fair value at 30 June 2022 $'000	Relationship of unobservable inputs to fair value
Direct comparison approach whereby the property is directly compared to relevant sales of similar properties within the area. Appropriate adjustments are then made for differences in property itself and such factors as movement in the market and the circumstances of each sale.	**1-6, 12 McIlwraith Street, Auchenflower** Selling price based on market value of similar properties in the area. Range: 2023: nil, disposed as part of discontinued operations 2022: $475,000 – $578,250 per unit.	Bank: - Group: -	Bank: - Group: 2,635	An increase/ decrease of 10% on the value per unit would result in an increase/ decrease in the fair value by $nil (2022: $264,000) for the Group.
	1-4, 30 Cheyne Street, Pimlico Selling price based on market value of similar properties in the area. Range: 2023: nil, disposed as part of discontinued operations 2022: $242,500 - $315,000 per unit.	Bank: - Group: -	Bank: - Group: 1,060	An increase/ decrease of 10% on the value per unit would result in an increase/ decrease in the fair value by $nil (2022: $106,000) for the Group.

(c) Fair value measurements using significant unobservable inputs (level 3)
The following table presents the changes in level 3 items for the periods ended 30 June 2023 and 30 June 2022:

	Bank 2023 $'000	Bank 2022 $'000	Group 2023 $'000	Group 2022 $'000
Movements in level 3 of the fair value hierarchy – Unlisted equity securities				
Balance at the beginning of the financial year	9,641	9,020	9,641	9,020
Additions/(disposals)	-	-	-	-
Gains/(losses) recognised in other comprehensive income	1,163	621	1,163	621
Transfers into/(out of) Level 3	-	-	-	-
Balance at the end of the financial year	10,804	9,641	10,804	9,641
Movements in level 3 of the fair value hierarchy – Investment property				
Balance at the beginning of the financial year	-	830	3,695	4,765
Additions/(disposals)	-	(792)	-	(792)
Gains/(losses) recognised in profit or loss (other income)	-	(38)	50	(278)
Gains/(losses) recognised in other comprehensive income	-	-	-	-
Disposed as part of discontinued operations	-	-	(3,745)	-
Transfers into/(out of) Level 3	-	-	-	-
Balance at the end of the financial year	-	-	-	3,695

Notes to the financial statements

for the year ended 30 June 2023

NOTE 32 Transfer of financial assets – securitisation

(i)Securitisation

The MTG QCCU Trust Repo Series No. 1 (The Trust) has been established to support the on-going liquidity management framework of Queensland Country Bank Limited. 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 2023 amounted to $550,000,000 (2022: $550,000,000). These 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, Queensland Country Bank Limited continues to recognise the transferred assets within loans and advances and the transfer is accounted for as a secured financing transaction. Queensland Country Bank Limited assigned mortgage secured loans to the securitisation entity during 2023 amounting to $249,805,000 (2022: $168,259,000). The total assigned mortgage secured loans to the securitisation entity amounted to $456,715,000 as at 30 June 2023 (2022: $438,362,000).

Queensland Country Bank Limited 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.

The following table sets out the carrying amounts of transferred financial assets and the related liabilities at the reporting date:

	Bank		Group	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Carrying amount of transferred assets	456,715	438,362	-	-
Carrying amount of associated liabilities	456,715	438,362	-	-

(ii) RBA Term Funding Facility

The Group obtained funding through the facility by entering into repurchase agreements with the RBA. At 30 June 2023 the Group has drawn down $46,195,000 (2022: $46,195,000) of the facility. Interest is charged at a fixed rate of 10 basis points on the drawn down portion of the facility. The repurchase agreements entered into under the TFF, require the Group to pledge eligible collateral. This includes self-securitisation asset-backed securities. As at 30 June 2023 $55,320,000 (2022: $55,320,000) of the self-securitisation floating rate notes were pledged as collateral. As the Group retains substantially all the risks and rewards of ownership, the notes are not de-recognised in the accounts.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 33 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.

NOTE 34 Economic dependency

The Bank has an economic dependency on the following suppliers of services:

(a) **Indue Limited**
This entity supplies the Bank rights to VISA Card in Australia and provides services in the form of settlement with Bankers for ATM and VISA Card transactions, personal and corporate cheques, and the production of VISA and Cuecards for use by members. This entity also supplies institutional banking services to the Bank. The Bank has liquidity investments with this entity. The Bank also has its borrowing facilities with this entity (refer to note 30 (b) and (c)).

(b) **First Data International**
This company operates the switching computer used to link Cuecards and VISA cards operated through ATM and EFTPOS devices to the Bank's systems.

(c) **Data Action Pty Ltd**
This company is the current facility manager of the Bank's computer system. It also supplies the computer hardware system used by the Bank for its core banking software.

(d) **NTT Australia Pty Ltd**
This company provides Windows environment hosting, applications and support for the Bank and Health Fund.

(e) **Cuscal Limited**
This entity supplies the Bank rights to VISA Card in Australia and provides services in the form of settlement with Bankers for ATM and VISA Card transactions, personal and corporate cheques, and the production of VISA and Cuecards for use by members. This entity also supplies institutional banking services to the Bank. The Bank has liquidity investments with this entity. The Bank also has its borrowing facilities with this entity (refer to note 30 (b) and (c)).

NOTE 35 Related party transactions

(i) Key management personnel
Refer note 8 for details of transactions with key management personnel.

(ii) 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.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 35 Related party transactions (continued)

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
2023	22,509	-	70	2
2022	-	1,342,141	-	-

(iii) Subsidiaries

Transactions with Subsidiary

Queensland Country Health Fund Pty Ltd and Queensland Country Care Navigation Pty Ltd were subsidiaries of Queensland Country Bank until 30th June 2023, when they were disposed. Transactions with the subsidiaries are on normal commercial terms and conditions unless otherwise stated. Transactions during the year comprised:

	2023 $'000	2022 $'000
- Balance of Queensland Country Health Fund Pty Ltd deposit accounts held with Queensland Country Bank Limited	-	23,828
- Interest paid on deposit accounts held by Queensland Country Health Fund Pty Ltd	209	56
- Management fees received by Queensland Country Bank Limited from Queensland Country Health Pty Ltd	21,949	21,242
- Rental income received by Queensland Country Bank Limited from Queensland Country Health Fund Pty Ltd	508	457
- Rental expense paid by Queensland Country Bank Limited to Queensland Country Health Fund Pty Ltd	792	1,333
- Dividends received by Queensland Country Bank Limited from Queensland Country Health Pty Ltd	28,468	3,500
- Purchase of Land and Buildings from Queensland Country Health Fund Pty Ltd	25,800	-
- Purchase of Plant and Equipment from Queensland Country Health Fund Pty Ltd	80	-
- Transfer of Liabilities for employee entitlements and accrued expenses from Queensland Country Bank Limited to Queensland County Health Fund Pty Ltd	1,268	-
- Transfer of assets for prepaid expenses from Queensland Country Bank Limited to Queensland Country Health Fund Pty Ltd	356	-

Under the terms of a management agreement, a fee is paid to reimburse all costs incurred by the Bank relating to the operation of the Health Fund (including personnel costs, computer costs, communication costs and premises costs). In addition, the agreement specifies that the management fee may include a charge per Health Fund member, payable to the Bank.

Notes to the financial statements

for the year ended 30 June 2023

NOTE 36 Company details

The registered office of the company is:
Queensland Country Bank Limited, 333 Ross River Road, Aitkenvale, Queensland, 4814

The principal place of business of the company is:
Queensland Country Bank Limited, 333 Ross River Road, Aitkenvale, Queensland, 4814

The Bank operates in the Financial Services industry in Queensland.

Directors' Declaration

for the year ended 30 June 2023

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 2023 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; and

(c) 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

C. Flynn

C. Flynn, Chair
Dated this 28th day of September 2023

pwc

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 Company) 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 Company's and Group's financial positions as at 30 June 2023 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 Company and Group financial report comprises:

- the Consolidated and Company statements of financial position as at 30 June 2023
- the Consolidated and Company statements of changes in equity for the year then ended
- the Consolidated and Company statements of cash flows for the year then ended
- the Consolidated and Company statements of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- 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 Company 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.

PricewaterhouseCoopers, ABN 52 780 433 757
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T: +61 7 3257 5000, F: +61 7 3257 5999

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 2023, 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.

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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 Company 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 Company 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 2023 included on Queensland Country Bank Limited's web site. The directors of the Company 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
28 September 2023

Queensland Country Bank

Queensland Country Bank Limited ABN 77 087 651 027 AFSL/Australian Credit Licence 244 533

Queensland Country Health Fund Ltd ABN 18 085 048 237

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