




Defence Bank

2013-2014 Annual Financial Report

Contents

Directors' report

The directors present their report together with the financial statements of Defence Bank Limited ("Defence Bank" or "the Bank") and the consolidated financial statements for the consolidated group ("the Group") comprising Defence Bank Limited and its controlled entities, for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names and particulars of the directors in office during or since the end of the financial year and their roles as at the date of this report are as follows:

Name	Qualifications and Roles	Appointment period
Colonel (Retired) Paul MULRANEY, CSC	BCom, MSc (Def Studies), CPA, FAICD, FAIM, MAMI, psc *(Chair of the Board and Chair of the Executive Committee)*	Initially elected to the Board on 23 November 1998. Most recently re-elected to the Board on 24 November 2013.
Lieutenant Colonel Craig Duncan MADDEN	BA, MMgt, DipMilEng, FAICD, MAMI, psc *(Deputy Chair of the Board and Chair of the Remuneration Committee)*	Initially elected to the Board on 28 November 2005. Most recently re-elected to the Board on 28 November 2011.
Ms Frances Helen RAYMOND	BCom, MBA, FCA, AFAIM, FAICD, MAMI, GDPPM, FSAA *(Chair of the Audit Committee)*	Initially appointed to the Board on 2 December 2010. Most recently re-elected to the Board on 28 November 2011.
Mr Bruce Andrew MURPHY	BSc, MCom, PGD, CAIA, GAICD *(Chair of the Risk and Compliance Committee)*	Initially appointed to the Board on 5 May 2012. Most recently elected to the Board on 24 November 2013.
Group Captain Callum Soutar BROWN	BA, MBA, DBA, MDefStud, FAICD, AFAIM, MAHRI, MAMI, psc *(Chair of the Defence Bank Foundation)*	Initially elected to the Board on 25 November 1996. Most recently re-elected to the Board on 26 November 2012.
Group Captain (Retired) David Cyril PAYNE	BEc (ANU), MSc (USAFIT), DipTpt, GradDipStratStud, FAICD, FAMI, jssc, psc	Initially appointed to the Board on 6 May 1988. Most recently re-elected to the Board on 26 November 2012.
Lieutenant Peter John MASON	DipAppSc, GradDipCompStud, MACS(snr), SF Fin, MAICD, RANR	Initially elected to the Board on 24 November 2013.
Colonel (Retired) Mark Derry RICHARDS	DipMgt, MDefStud, FAICD, MIPAA, MAMI, psc	Initially elected to the Board on 6 November 2001. Retired from the Board 24 November 2013.
Mr Alan Ronald HANDS	DipBus (Acct), DipPur/MM, MBus (Log), CPA, MAICD, AFAMI	Initially elected to the Board on 22 November 1993. Resigned from the Board 11 October 2013.

Directors' report

Information about the company secretaries

The names and particulars of the secretaries during or since the end of the financial year are as follows:

Name	Qualifications and Roles	Appointment period
Jon Michael LINEHAN	BEc(Hons), MCom, LLB, FAICD, MAMI, SA Fin *(Chief Executive Officer)*	Appointed 18 September 2006.
Dean John BARTON	BCom, F Fin, CPA *(Chief Financial Officer)*	Appointed 23 September 2011.

Directors' meetings

The number of Board and Committee meetings during the year attended by each director were as follows:

Directors	Board		Committees									
			Audit (1)		Risk and Compliance		Nominations		Remuneration		Executive	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
P Mulraney (2)	11	11	3	2	2	2	-	-	2	2	4	4
C D Madden (3)	11	11	3	3	2	2	-	-	1	1	3	3
F H Raymond	11	9	6	6	2	2	-	-	2	2	-	-
B A Murphy	11	10	3	3	2	2	-	-	-	-	-	-
C S Brown (4)	11	11	-	-	-	-	1	1	-	-	-	-
D C Payne	11	11	6	6	-	-	-	-	-	-	-	-
P J Mason	7	7	3	3	-	-	-	-	-	-	-	-
M D Richards	5	5	-	-	-	-	-	-	1	1	1	1
A R Hands	3	3	-	-	-	-	-	-	-	-	-	-

(1) Prior to December 2013 the Audit Committee and the Risk and Compliance Committee met together as a combined Audit, Risk and Compliance Committee (ARCC). Directors attendance at meetings of the ARCC are disclosed within these figures.

(2) P Mulraney attended a further three meetings of the Audit Committee as an invitee.

(3) C D Madden attended a further one meeting of the Audit Committee as an invitee.

(4) C S Brown attended a further one meeting of the Audit Committee as an invitee.

Principal activities

The principal activities of the Group during the financial year were the raising of funds and the application of those funds in providing financial accommodation to its members.

Review of operations

a. Operating profit

During the financial year the Group earned a net profit of $8,373 thousand (2013: $10,021 thousand) after providing $3,474 thousand (2013: $4,254 thousand) for income tax expense.

Review of operations (continued)

b. Deposit and lending growth

During the financial year the Group grew deposits and lending as follows:

	2014 $000	2013 $000	Increase / (Decrease) $000	Increase / (Decrease) %
Total assets	1,465,850	1,443,120	22,730	1.6
Total deposits	1,316,788	1,285,163	31,625	2.5
Total equity	131,469	123,096	8,373	6.8
Net loans and advances	1,194,596	1,095,864	98,732	9.0
Securitised housing loans (off balance sheet)	43,616	55,812	(12,196)	(21.9)
Total loans and advances (on and off balance sheet)	1,238,212	1,151,676	86,536	7.5

c. Branch network

The Bank remains committed to providing excellent service to its members through its network of branches, the largest branch network in the Australian Defence Force (ADF). The Bank assesses its branch network on an ongoing basis to take into account changes within the ADF and during the financial year made a decision to close branches located at Cabarlah, Irwin and Woodside and opended a new branch at Brindbella Business Park, Canberra. During the year, the Bank has updated and refurbished many of its branches around Australia as part of an ongoing branch renewal program.

d. Products and services

The Bank continues to place a strong emphasis on making banking easier for our members and offering great value, through the evolution of our branch network, the introduction of Mobile Lending Consultants as well as the launch of new competitive products during the year.

During the financial year the Bank launched a new-style branch at the Brindabella Business Park in Canberra that has been designed to integrate technology with service. This branch offers more advisory and personalised services to our members, iPads and free WiFi to encourage interaction and self-service in a very accessible and comfortable branch environment.

The Bank also expanded its product range by launching Defence Bank Super, a product that provides members an easier way to manage for their future, whether they are in the accumulation or pension stage. The Defence Bank Super product is low cost and easily accessible through Online Banking to both join and manage on an ongoing basis when members need to check balances or change investment options.

The Bank's products continue to offer great value to members and this has been recognised once again this year with a number of industry awards. The Bank was awarded CANSTAR 5 Star Ratings for outstanding value on the True Blue Credit Card and iSaver Account. The Bank's New Car Loan won the Money Magazine ‘Best of the Best Award’ in the category ‘Cheapest New Car Loans – Bank’. Plus, the True Blue Credit Card also won two Mozo Experts Choice ‘Highly Commended’ Awards in the category of ‘Low Rate Credit Card’ and ‘Balance Transfer Credit Card’.

e. Electronic Certificate of Deposit Program

During the financial year the Bank commenced issuing Electronic Certificates of Deposit (ECD). The ECD program has been well received by investors seeking securities that are eligible for sale and repurchase transactions with the Reserve Bank of Australia (RBA) and provides the Bank with an important source of funding diversification. As at 30 June 2014 the balance outstanding under the program amounted to $111,012 thousand.

f. Internal securitisation

During the financial year the Bank executed a top up to its internal securitisation vehicle whereby $75,518 thousand of eligible residential mortgage loans were sold to DBL Funding Trust No.1 which financed the purchase by issuing Aaa(sf) rated Residential Mortgage Backed Securities (RMBS) to the Bank. The RMBS are eligible for sale and repurchase transactions with the RBA and, as such, enhance the liquidity position of the Bank.

Review of operations (continued)

g. Planning

The Board of directors and executive managers met in March 2014 to consider issues critical to the continued growth and development of the Group. The Board and executive managers are aware of their obligation to ensure that the Group continues to provide relevant and convenient products and service to our members, whilst any risks associated with the operations of the business are mitigated as appropriate. This planning process is reinforced throughout the year by regular reviews of achievements against the strategic plan.

Significant changes in the state of affairs

Other than those matters detailed in the review of operations, there were no significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results

The Group's objectives over the next and subsequent financial years are to continue to improve service to members and to achieve growth in appropriate areas of operations. With regard to products and services, management regularly reviews all existing and available products, services and delivery mechanisms to ensure that they meet the existing and future needs of members.

Subsequent events

Since the end of the financial year, the directors have not become aware of any matters or circumstances that may significantly affect the operations, results of those operations, or the state of affairs, of the Group.

Dividends

It is not the policy of the Board to recommend a dividend and no dividends were declared or payable during the financial year or prior year.

Contracts in which directors have an interest

Since 1 July 2013, no director has received or become entitled to any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors and shown in the accounts) from a contract between the Group and themselves, their firm or a company in which they have a substantial interest.

Directors', officers' and auditor's indemnity

The Bank's constitution (clause 17.3) permits the Bank to indemnify each officer of the Bank against certain liabilities incurred in the execution and discharge of the officer's duties. The Corporations Act 2001 (Section 199A) restricts the Bank from providing indemnity against certain liabilities that officers incur while acting in their positions. The indemnity that the Bank provides for its officers is consistent with the requirements of the Corporations Act 2001. The Bank's ability to indemnify extends to all directors, secretaries, executive officers and employees. During the financial year the Bank has paid the premium for an insurance policy for directors and officers, for the benefit of the Bank. The Bank has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Bank, or of any related body corporate, against a liability incurred as such an officer or auditor. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium. In the event of there being a claim against this insurance policy, the Bank would meet the costs and expenses incurred in defending such proceedings on behalf of the eligible person(s), up to the excess amount specified in the policy, where such action was compatible with the requirements of the Corporations Act 2001.

Auditor's independence

A copy of the external auditor's independence declaration, as required under Section 307c of the Corporations Act 2001, is provided on page 55.

Directors' report

Rounding of amounts

The Group is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998. In accordance with that Class Order, amounts in the directors' report and the financial statements are rounded to the nearest thousand dollars, unless otherwise indicated.

This report is signed in accordance with a formal resolution of the Board of directors.

P Mulraney
Director
20 September 2014

C Madden
Director
20 September 2014

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2014

	Notes	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Income					
Interest income	5	75,021	79,361	74,901	79,277
Interest expense	5	(37,565)	(42,452)	(37,565)	(42,452)
Net interest income		37,456	36,909	37,336	36,825
Other income	6	11,205	12,756	11,528	12,967
		48,661	49,665	48,864	49,792
Expenses					
Personnel expenses	6	18,837	17,980	18,837	17,980
Depreciation and amortisation expense	6	1,021	1,072	1,021	1,072
Impairment losses on loans and advances	14	319	237	319	237
Other expenses	6	16,637	16,101	16,584	16,125
		36,814	35,390	36,761	35,414
Profit before income tax		11,847	14,275	12,103	14,378
Income tax expense	7	3,474	4,254	3,474	4,254
Profit for the year from continuing operations		8,373	10,021	8,629	10,124
Other comprehensive income		-	-	-	-
Total comprehensive income		8,373	10,021	8,629	10,124

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

as at 30 June 2014

	Notes	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Assets					
Cash and cash equivalents	9	67,221	165,247	61,829	161,191
Investments	10	193,725	172,599	193,725	172,599
Equity investments	11	1,639	1,639	1,639	1,639
Trade and other receivables	13	1,713	2,153	7,464	6,312
Loans and advances	14	1,194,596	1,095,864	1,194,596	1,095,864
Property, plant and equipment	15	2,132	2,386	2,132	2,386
Current tax assets	16	1,450	-	1,450	-
Deferred tax assets	17	2,031	1,958	2,031	1,958
Intangible assets	18	567	487	567	487
Other assets	19	776	787	776	787
		1,465,850	1,443,120	1,466,209	1,443,223
Liabilities					
Borrowings	20	-	15,000	-	15,000
Deposits	21	1,316,788	1,285,163	1,316,788	1,285,163
Trade and other payables	22	13,320	15,267	13,320	15,267
Current tax liabilities	23	-	500	-	500
Provisions	24	4,273	4,094	4,273	4,094
		1,334,381	1,320,024	1,334,381	1,320,024
Net assets		131,469	123,096	131,828	123,199
Equity					
Share capital	25	847	810	847	810
Reserves	26	130,622	122,286	130,981	122,389
Retained earnings	27	-	-	-	-
		131,469	123,096	131,828	123,199

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

for the financial year ended 30 June 2014

	The Group 2014				
	Share capital $000	General reserve for credit losses $000	General reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2013	810	2,689	119,597	-	123,096
Transfer on redemption of redeemable member shares	37	-	-	(37)	-
Transfer to general reserve for credit losses	-	394	(394)	-	-
Profit for the financial year	-	-	-	8,373	8,373
Transfer to general reserve	-	-	8,336	(8,336)	-
Balance at 30 June 2014	847	3,083	127,539	-	131,469

	The Group 2013				
	Share capital $000	General reserve for credit losses $000	General reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2012	772	2,565	109,738	-	113,075
Transfer on redemption of redeemable member shares	38	-	-	(38)	-
Transfer to general reserve for credit losses	-	124	(124)	-	-
Profit for the financial year	-	-	-	10,021	10,021
Transfer to general reserve	-	-	9,983	(9,983)	-
Balance at 30 June 2013	810	2,689	119,597	-	123,096

Consolidated statement of changes in equity

for the financial year ended 30 June 2014

	The Bank 2014				
	Share capital $000	General reserve for credit losses $000	General reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2013	810	2,689	119,700	-	123,199
Transfer on redemption of redeemable member shares	37	-	-	(37)	-
Transfer to general reserve for credit losses	-	394	(394)	-	-
Profit for the financial year	-	-	-	8,629	8,629
Transfer to general reserve	-	-	8,592	(8,592)	-
Balance at 30 June 2014	847	3,083	127,898	-	131,828

	The Bank 2013				
	Share capital $000	General reserve for credit losses $000	General reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2012	772	2,565	109,738	-	113,075
Transfer on redemption of redeemable member shares	38	-	-	(38)	-
Transfer to general reserve for credit losses	-	124	(124)	-	-
Profit for the financial year	-	-	-	10,124	10,124
Transfer to general reserve	-	-	10,086	(10,086)	-
Balance at 30 June 2013	810	2,689	119,700	-	123,199

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the financial year ended 30 June 2014

	Notes	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Cash flows from operating activities					
Interest received		75,434	79,730	75,315	79,647
Fees and commissions received		11,033	12,166	11,033	12,166
Other income received		171	787	495	997
Dividends received		305	302	305	302
Recoveries on loans previously written off		218	357	218	357
Goods and services tax refunded		291	342	291	342
Interest paid		(38,929)	(45,013)	(38,929)	(45,013)
Payments to suppliers and employees		(36,219)	(34,183)	(36,166)	(34,208)
Income tax paid		(5,495)	(3,789)	(5,497)	(3,789)
Cash flows from operating activities before changes in operating assets and liabilities		6,809	10,699	7,065	10,801
Net (increase) / decrease in investments		(21,126)	88,522	(21,126)	88,522
Net increase in loans and advances		(99,051)	(125,821)	(99,051)	(125,821)
Net decrease / (increase) in other operating receivables		54	51	(1,538)	(4,107)
Net increase in deposits		31,625	187,012	31,625	187,012
Net (decrease) / increase in other operating payables		(367)	1,641	(367)	1,641
Net cash (used in) / provided by operating activities	28	(82,056)	162,104	(83,392)	158,048
Cash flows from investing activities					
Proceeds on disposal of property, plant and equipment		38	-	38	-
Purchases of property, plant and equipment		(601)	(121)	(601)	(121)
Purchases of intangible assets		(407)	(418)	(407)	(418)
Net cash used in investing activities		(970)	(539)	(970)	(539)
Cash flows from financing activities					
Repayment of borrowings		(15,000)	(40,000)	(15,000)	(40,000)
Net (decrease) / increase in cash and cash equivalents		(98,026)	121,565	(99,362)	117,509
Cash and cash equivalents at the beginning of the reporting period		165,247	43,682	161,191	43,682
Cash and cash equivalents at the end of the reporting period	9	67,221	165,247	61,829	161,191

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the financial year ended 30 June 2014

In the notes that form part of the financial statements, a number of abbreviations are used. These abbreviations mean the following:

AASB means the Australian Accounting Standards Board.
ADI means Authorised Deposit-taking Institution.
ALLC means the Defence Bank Asset, Liability and Liquidity Committee.
APRA means the Australian Prudential Regulation Authority.
Cuscal means Cuscal Limited.
GST means Goods and Services Tax.
IFRS means International Financial Reporting Standards.
Integris means Integris Securitisation Service Pty Limited.
RBA means the Reserve Bank of Australia.
RMBS means Residential Mortgage Backed Securities.

1. General information

The Group comprises Defence Bank Limited ("Defence Bank" or "the Bank") and its controlled entities as disclosed within the basis of consolidation (refer to note 3c). The Bank is a limited company incorporated in Australia. The principal place of business is Level 5, 31 Queen Street, Melbourne Vic 3000.

The principal activities of the Group during the reporting period were the raising of funds and the application of those funds in providing financial accommodation to its members.

2. Application of new and revised accounting standards

a. New and revised Australian Accounting Standards affecting amounts reported and / or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised Australian Accounting Standards issued by the AASB that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Standard / Interpretation	Impact
AASB 2011-4 ‘Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	As the Group is not a disclosing entity, application of this pronouncement has no impact upon the reported results or position of the Group and the Group continues to disclose key mangement personnel compensation in aggregate for each of the categories required in AASB 124.
AASB 2012-2 ‘Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. As the Group is not a party to any such arrangements, application of this pronouncement has no impact upon the reported results or position of the Group.
AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements to 2009 – 2011 Cycle’	The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The adoption of these amendments does not have any material impact on the financial statements.

2. Application of new and revised accounting standards (continued)

AASB 2012-9 'Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039'	This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the financial statements.
AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. The reported results and position of the Group have not changed upon application of this pronouncement as it does not result in any change to the Group's existing accounting policies.
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance

2. Application of new and revised accounting standards (continued)

	with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative financial year. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.
AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’	The amendments to AASB 119 require that employee leave provisions be calculated at present value on the basis of when the leave is expected to be taken. Application of this pronouncement did not have a material impact upon the reported results and position of the Group.

b. New and revised Standards on consolidation, joint arrangements, associates and disclosures

The new standard on consolidation did not affect the reporting results or financial position of the Group. The Bank does not have any investment in joint arrangements and associates and thus, the application of related new and revised standards does not have any impact on the financial statements.

c. Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential effect of the revised Standards / Interpretations on the Group's financial statements have not been determined. Unless otherwise stated below, the Group does not intend to adopt the standard early and as such, the impact is yet to be determined.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 ‘Materiality’ (2013)	1 January 2014	30 June 2015
AASB 2012-3 ‘Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities’	1 January 2014	30 June 2015
AASB 2013-3 ‘Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets’	1 January 2014	30 June 2015
AASB 2013-4 ‘Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting’	1 January 2014	30 June 2015
AASB 2013-5 ‘Amendments to Australian Accounting Standards – Investment Entities’	1 January 2014	30 June 2015
AASB 2013-9 ‘Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments’	1 January 2014	30 June 2015
INT 21 ‘Levies’	1 January 2014	30 June 2015

2. Application of new and revised accounting standards (continued)

At the date of authorisation of the financial statements, the following International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
IFRS 14 Regulatory Deferral Accounts	1 January 2016	30 June 2017
Accounting for Acquisitions of Interests in Joint Operations (amendments to IFRS 11)	1 January 2016	30 June 2017
Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017

3. Significant accounting policies

a. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Bank and Group comply with IFRS.

The financial statements were authorised for issue by the directors on 20 September 2014.

b. Basis of preparation

The financial statements cover the Bank as an individual entity and the Bank and controlled entities as a Group. For the purposes of preparing the financial statements, the Group is a for-profit entity.

The financial statements have been prepared on the basis of historical cost which is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value, either for measurement or disclosure purposes, in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value

3. Significant accounting policies (continued)

measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank, being the parent entity and its controlled entities. Combined, the Bank and its controlled entities are referred to in these financial statements as the Group. The name(s) of the controlled entities are disclosed within note 12 to these financial statements. Each controlled entity has a 30 June financial year end and is accounted for by the Bank at cost. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Controlled entities pertain to subsidiaries and are fully consolidated from the date on which control is transferred to the Bank. They are de-consolidated from the date that control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

d. Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably estimated. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount on initial recognition. When a financial asset is classified as impaired the Group ceases to recognise interest, although the Group will subsequently recognise interest income should the financial asset be returned to a non-impaired status.

Fee and commission income is recognised on an accrual basis once a right to receive consideration has been attained or when service to the customer has been rendered. However, commission income for Loan Repayment Insurance (LRI) is deferred and recognised on a straight-line basis over a 12 month period reflecting the average life of a LRI policy. Unearned commissions liability is detailed in note 22 to the financial statements.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

e. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. Significant accounting policies (continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

f. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

g. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

3. Significant accounting policies (continued)

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives used for property, plant and equipment are as follows:

Portable buildings	5 years, 7 months
Leasehold improvements	4 years - 10 years
Plant and equipment	2 years, 6 months - 40 years

Assets under $1000 are not capitalised but rather expensed.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

i. Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The estimated useful life used for intangible assets are as follows:

Computer software	2 years, 6 months - 5 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

j. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

k. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

I. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories: available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

AFS financial assets

The Group has investments in unlisted shares that are not traded in an active market but are classified as AFS financial assets and stated at cost (because the directors consider that fair value cannot be reliably measured). Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment of financial assets

Financial assets are considered to be impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as loans, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables includes the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant accounting policies (continued)

Objective evidence of impairment for a specific receivable includes significant financial difficulty of a borrower, default or delinquency by a borrower and indicators that a borrower or issuer will enter bankruptcy.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities, including borrowings, deposits and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Members' deposits

Members' deposits are brought to account at the aggregate amount owing to depositors. Interest on deposits is brought to account on an accrual basis in accordance with the interest rate terms and conditions applicable to each account. The amount of the accrual is shown separately in note 21.

m. GST

Revenues, expenses and assets are recognised net of the amount of GST, except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

n. Securitisation

Where the Group enters into a transaction that substantially transfers all the risk and rewards of ownership of the transferred assets, the Group derecognises the transferred assets. Where a third party originator (Integris) enters into a transaction and funds that transaction and the Group does not carry the risks and rewards of ownership, the Group does not recognise the asset. Where the Group enters into transactions that transfer assets recognised on its consolidated statement of financial position but retains substantially all of the risks and rewards of ownership of the transferred assets, the transferred assets are not derecognised by the Group.

o. Comparative amounts

In 2014, the Bank updated presentation of comparative amounts within the financial statements to disclose the Group and Bank level balances whereas, in the prior year, it only disclosed the Group balances. The change in disclosure in the current year has not resulted in any restatements but correctly reflects the Group and Bank balances for the 2013 financial year, which is consistent with the presentation of the 2014 financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

The following are critical judgements that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements.

Provision for impairment of loans and advances

Impairment allowances for loans and advances represent management's best assumptions of losses incurred in the loan portfolio at the end of the reporting period. Management is required to exercise judgement in making assumptions and estimates when calculating impairment allowances in both individually and collectively assessed loans and advances.

Held-to-maturity financial assets

The directors have reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets to maturity. The carrying amount of held-to-maturity financial assets is $193,725 thousand (2013: $172,599 thousand). Details of these assets are included in note 10.

5. Interest income and interest expense

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest income or expense and the average interest rate:

	The Group		
	2014		
	Average balance $000	Interest amount $000	Average interest rate %
Interest bearing assets			
Cash and cash equivalents	75,447	1,865	2.47
Investments	175,563	6,190	3.53
Loans and advances	1,140,110	66,966	5.87
		75,021	5.39
Interest bearing liabilities			
Borrowings	3,462	106	3.06
Deposits	1,253,519	37,459	2.99
		37,565	2.99
Net interest income		37,456	

	The Group		
	2013		
	Average balance $000	Interest amount $000	Average interest rate %
Interest bearing assets			
Cash and cash equivalents	71,603	1,833	2.56
Investments	185,903	7,655	4.12
Loans and advances	1,034,626	69,873	6.75
		79,361	6.14
Interest bearing liabilities			
Borrowings	44,787	2,119	4.73
Deposits	1,123,057	40,333	3.59
		42,452	3.64
Net interest income		36,909	

Notes to the financial statements

for the financial year ended 30 June 2014

5. Interest income and interest expense (continued)

	The Bank		
	2014		
	Average balance $000	Interest amount $000	Average interest rate %
Interest bearing assets			
Cash and cash equivalents	69,794	1,745	2.50
Investments	175,563	6,190	3.53
Loans and advances	1,140,110	66,966	5.87
		74,901	5.41
Interest bearing liabilities			
Borrowings	3,462	106	3.06
Deposits	1,253,519	37,459	2.99
		37,565	2.99
Net interest income		37,336	

	The Bank		
	2013		
	Average balance $000	Interest amount $000	Average interest rate %
Interest bearing assets			
Cash and cash equivalents	68,474	1,749	2.55
Investments	185,903	7,655	4.12
Loans and advances	1,034,626	69,873	6.75
		79,277	6.15
Interest bearing liabilities			
Borrowings	44,787	2,119	4.73
Deposits	1,123,057	40,333	3.59
		42,452	3.64
Net interest income		36,825	

6. Income and expense

Included in the profit for the year from continuing operations are the following items of income and expense:

	The Group		The Bank	
	2014	2013	2014	2013
	$000	$000	$000	$000
Other income				
Dividends	305	302	305	302
Fee income arising from financial assets	1,159	1,204	911	1,562
Fee income arising from financial liabilities	408	513	408	513
Other transaction fee income	3,203	3,234	2,563	2,876
Other service fee income	1,904	2,098	1,904	2,098
Other fee income	52	-	52	-
Insurance commissions	1,933	1,979	1,933	1,979
Other commissions	1,845	2,786	2,733	2,786
Gain on disposal of property, plant and equipment	7	-	7	-
Bad debts recovered	218	357	218	357
Other income	171	283	494	494
	11,205	12,756	11,528	12,967
Personnel expenses				
Employee benefits	16,896	15,937	16,902	15,937
Provision for employee benefits	255	176	533	176
Termination benefits	168	344	168	344
Other personnel expenses	1,518	1,523	1,234	1,523
	18,837	17,980	18,837	17,980
Depreciation and amortisation expense				
Plant and equipment	429	444	429	444
Buildings and leasehold improvements	265	243	265	243
Computer software	327	385	327	385
	1,021	1,072	1,021	1,072
Other expenses				
Loss on disposal of property, plant and equipment	130	1	130	1
Rental - operating leases	1,139	1,027	1,139	1,027
Occupancy expenses	294	324	294	324
Information technology expenses	3,374	3,225	3,374	3,225
External financial transaction processing fees and charges	3,832	4,066	5,773	4,278
Telephone expenses	399	392	399	392
Repairs and maintenance	15	8	15	8
Administration expenses	4,558	4,169	2,744	4,169
Marketing and promotion	1,288	1,103	1,161	1,103
Other expenses from ordinary activities	1,608	1,786	1,555	1,598
	16,637	16,101	16,584	16,125

7. Income tax expense

Income tax expenses recognised in profit or loss:

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Current tax expense:				
in respect of current year	3,637	4,340	3,637	4,340
in respect of prior year	(92)	(5)	(92)	(5)
Deferred tax income relating to the origination and reversal of temporary differences	(73)	(137)	(73)	(137)
Adjustments recognised in the current year in relation to current tax of prior years	2	56	2	56
Income tax expense	3,474	4,254	3,474	4,254

The income tax expense for the year can be reconciled to profit before income tax as follows:

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Profit before income tax	11,847	14,275	12,103	14,378
Income tax calculated at 30% (2013: 30%)	3,554	4,283	3,631	4,314
Effect of expenses that are not deductible in determining taxable profit	8	5	8	5
Effect of income that is not assessable in determining taxable profit	-	-	(2,608)	(1,828)
Effect of income that is assessable in determining taxable profit	38	38	2,569	1,835
Effect of imputation credits	(128)	(128)	(128)	(128)
Adjustments recognised in the current year in relation to current tax of prior years	2	56	2	56
Income tax expense	3,474	4,254	3,474	4,254

8. Franking credits balance

The amount of franking credits available for the subsequent financial year are as follows:

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Franking account balance as at the end of the financial year at 30% (2013: 30%)	59,541	51,130	59,541	51,130
Franking credits that will decline from the refund of income tax receivable as at the end of the financial year	1,450	-	1,450	-
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	500	-	500
	60,991	51,630	60,991	51,630

Since, under corporations and tax laws, the Group may only pay a dividend on shares to which a right to participate in dividends attaches, these franking credits are not presently available to members.

9. Cash and cash equivalents

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Cash on hand	2,642	2,485	2,642	2,485
Call deposit with ADIs	59,187	158,706	59,187	158,706
Restricted cash on deposit with ADIs	5,392	4,056	-	-
	67,221	165,247	61,829	161,191

Restricted cash on deposit with ADIs represents cash collections remitted by Defence Bank to DBL Funding Trust No. 1 during the month. The use of these funds is restricted under the terms of the DBL Trusts Master Servicing Deed.

10. Investments

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Term deposits with ADIs	20,000	5,000	20,000	5,000
Negotiable certificates of deposit	108,359	143,235	108,359	143,235
Floating rate notes	65,366	24,364	65,366	24,364
	193,725	172,599	193,725	172,599

a. Maturity analysis

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Not longer than three months	89,309	67,127	89,309	67,127
Longer than three months, not longer than one year	49,049	81,108	49,049	81,108
Longer than one year, not longer than five years	55,367	24,364	55,367	24,364
	193,725	172,599	193,725	172,599

11. Equity investments

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Unlisted commercial shares in Cuscal - at cost	1,639	1,639	1,639	1,639

12. Controlled Entities

The parent entity is Defence Bank Limited. Details in relation to its controlled entities at the end of the financial year are as follows:

Name	Country of incorporation	Percentage owned 2014	2013
DBL Funding Trust No. 1	Australia	100%	100%

Transactions with controlled entities

The following transactions occurred with controlled entities:

	2014 $000	2013 $000
Reciepts		
Servicer fee	269	175
Trust manager fee	18	12
Trust administrator fee	36	23
Payments		
Provision of threshold rate support under terms of trust deed	-	57

13. Trade and other receivables

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Interest receivable on investments	1,194	1,478	1,194	1,478
Other operating receivables [1]	105	159	5,856	4,318
Trade debtors [2]	414	516	414	516
	1,713	2,153	7,464	6,312

1 Other operating receivables primarily consist of funds in transit and distributions from DBL Funding Trust No. 1 which are expected to be settled in full within one month. As such, no interest is charged.

2 Trade debtors relate to commissions receivable which are expected to be settled in full within 30 days and are non-interest bearing. As at 30 June 2014 there are no past due or impaired trade and other receivables (2013: Nil)

14. Loans and advances

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Overdrafts	7,665	8,001	7,665	8,001
Credit cards	14,629	15,508	14,629	15,508
Term loans	1,173,340	1,072,746	1,173,340	1,072,746
Gross loans and advances	1,195,634	1,096,255	1,195,634	1,096,255
Provision for impairment	(373)	(391)	(373)	(391)
Deferred loan origination fee income	(665)	-	(665)	-
Net loans and advances	1,194,596	1,095,864	1,194,596	1,095,864

a. Maturity analysis

Overdrafts	7,665	8,001	7,665	8,001
Not longer than three months	15,940	18,500	15,940	18,500
Longer than three months, not longer than one year	45,959	54,413	45,959	54,413
Longer than one year, not longer than five years	216,281	239,416	216,281	239,416
Longer than five years	909,789	775,925	909,789	775,925
	1,195,634	1,096,255	1,195,634	1,096,255

b. Loans by security type

Mortgage over property				
Loan to value ratio up to 80%	644,761	558,274	644,761	558,274
Loan to value ratio over 80% with mortgage insurance	384,778	350,301	384,778	350,301
Loan to value ratio over 80% without mortgage insurance	17,079	26,733	17,079	26,733
	1,046,618	935,308	1,046,618	935,308
Mortgage over other assets	66,956	68,680	66,956	68,680
Unsecured	82,060	92,267	82,060	92,267
	1,195,634	1,096,255	1,195,634	1,096,255

c. Loans by purpose

Purchase of residential owner-occupied property	963,285	870,070	963,285	870,070
Purchase of residential investment property	82,905	64,776	82,905	64,776
Purchase of commercial property	428	462	428	462
Other	149,016	160,947	149,016	160,947
	1,195,634	1,096,255	1,195,634	1,096,255

d. Provision for impairment

Balance at the beginning of the financial year	391	554	391	554
Increase in provision for impairment of loans and advances	319	237	319	237
Bad debts written off	(337)	(400)	(337)	(400)
Balance at the end of the financial year	373	391	373	391
Comprising				
Individually assessed provisions	11	83	11	83
Collectively assessed provisions	362	308	362	308
	373	391	373	391

14. Loans and advances (continued)

e. Concentration of credit risk

There are no loans to a single entity or group of entities which represent 10% or more of total equity.

The Group has a concentration of credit risk by industry sector to the Australian Defence community (serving and former serving members of the Australian Defence Force, Defence civilians, contractors and families of this bond). This concentration is considered to be acceptable on the grounds that the Group was formed to secure the financial needs of these members and the employment concentration is not exclusive. Should members cease employment within the Australian Defence Force, the loans continue and other employment opportunities are available to the members to facilitate the repayment of loans.

f. Security held on non-accrual loans

During the period the Group took possession of assets through the enforcement of security. Disposal proceeds of these assets amounted to $8 thousand (2013: $50 thousand) and were used to offset associated credit losses. The value of assets obtained through enforcement of security at reporting date was nil (2013: $7 thousand).

15. Property, plant and equipment

Reconciliation of the movement in the carrying amount of property, plant and equipment is as follows:

	The Group				
	2014				
	Portable buildings $000	Leasehold improvements $000	Plant and equipment $000	Work in progress[3] $000	Total $000
At cost					
Balance at the beginning of the financial year	214	2,031	7,434	12	9,691
Additions	-	174	427	-	601
Reclassifications	-	12	-	(12)	-
Disposals	-	(172)	(210)	-	(382)
Balance at the end of the financial year	214	2,045	7,651	-	9,910
Accumulated depreciation and impairment					
Balance at the beginning of the financial year	(214)	(594)	(6,497)	-	(7,305)
Depreciation expense	-	(265)	(429)	-	(694)
Reclassifications	-	-	-	-	-
Eliminated on disposal of assets	-	61	160	-	221
Balance at the end of the financial year	(214)	(798)	(6,766)	-	(7,778)
Carrying amount at 30 June 2014	-	1,247	885	-	2,132

	The Group				
	2013				
	Portable buildings $000	Leasehold improvements $000	Plant and equipment $000	Work in progress[3] $000	Total $000
At cost					
Balance at the beginning of the financial year	214	1,617	7,758	-	9,589
Additions	-	60	49	12	121
Reclassifications	-	354	(354)	-	-
Disposals	-	-	(19)	-	(19)
Balance at the end of the financial year	214	2,031	7,434	12	9,691
Accumulated depreciation and impairment					
Balance at the beginning of the financial year	(214)	(316)	(6,106)	-	(6,636)
Depreciation expense	-	(243)	(444)	-	(687)
Reclassifications	-	(35)	35	-	-
Eliminated on disposal of assets	-	-	18	-	18
Balance at the end of the financial year	(214)	(594)	(6,497)	-	(7,305)
Carrying amount at 30 June 2014	-	1,437	937	12	2,386

15. Property, plant and equipment (continued)

	The Bank 2014				
	Portable buildings $000	Leasehold improvements $000	Plant and equipment $000	Work in progress[3] $000	Total $000
At cost					
Balance at the beginning of the financial year	214	2,031	7,434	12	9,691
Additions	-	174	427	-	601
Reclassifications	-	12	-	(12)	-
Disposals	-	(172)	(210)	-	(382)
Balance at the end of the financial year	214	2,045	7,651	-	9,910
Accumulated depreciation and impairment					
Balance at the beginning of the financial year	(214)	(594)	(6,497)	-	(7,305)
Depreciation expense	-	(265)	(429)	-	(694)
Reclassifications	-	-	-	-	-
Eliminated on disposal of assets	-	61	160	-	221
Balance at the end of the financial year	(214)	(798)	(6,766)	-	(7,778)
Carrying amount at 30 June 2014	-	1,247	885	-	2,132

	The Bank 2013				
	Portable buildings $000	Leasehold improvements $000	Plant and equipment $000	Work in progress[3] $000	Total $000
At cost					
Balance at the beginning of the financial year	214	1,617	7,758	-	9,589
Additions	-	60	49	12	121
Reclassifications	-	354	(354)	-	-
Disposals	-	-	(19)	-	(19)
Balance at the end of the financial year	214	2,031	7,434	12	9,691
Accumulated depreciation and impairment					
Balance at the beginning of the financial year	(214)	(316)	(6,106)	-	(6,636)
Depreciation expense	-	(243)	(444)	-	(687)
Reclassifications	-	(35)	35	-	-
Eliminated on disposal of assets	-	-	18	-	18
Balance at the end of the financial year	(214)	(594)	(6,497)	-	(7,305)
Carrying amount at 30 June 2013	-	1,437	937	12	2,386

[3] Work in progress represents payments for items of property, plant and equipment that as at reporting date are not yet available for use. As such, depreciation has not commenced.

16. Current tax assets

	The Group		The Bank	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current tax assets	1,450	-	1,450	-

17. Deferred tax assets

The movement in deferred tax assets / (liabilities) for each temporary difference during the year is as follows:

	The Group and The Bank		
	2014		
	Opening balance $000	Recognised in profit or loss $000	Closing balance $000
Provisions for employee benefits not yet deductible	1,223	49	1,272
Provision for impairment on loans not yet deductible	117	(5)	112
Prior year bad debts not yet deductible	139	3	142
Property, plant and equipment	167	14	181
Intangible assets	39	36	75
Accrued income not yet earned	251	53	304
Accrued expenses not yet deductible	26	(4)	22
Prepayments	(4)	(73)	(77)
	1,958	73	2,031

	The Group and The Bank		
	2013		
	Opening balance $000	Recognised in profit or loss $000	Closing balance $000
Provisions for employee benefits not yet deductible	1,158	65	1,223
Provision for impairment on loans not yet deductible	166	(49)	117
Prior year bad debts not yet deductible	131	8	139
Property plant and equipment	183	(16)	167
Intangible assets	(11)	50	39
Accrued income not yet earned	202	49	251
Accrued expenses not yet deductible	86	(60)	26
Prepayments	(94)	90	(4)
	1,821	137	1,958

17. Deferred tax assets (continued)

	The Bank		
	2014		
	Opening balance $000	Recognised in profit or loss $000	Closing balance $000
Provisions for employee benefits not yet deductible	1,223	49	1,272
Provision for impairment on loans not yet deductible	117	(5)	112
Prior year bad debts not yet deductible	139	3	142
Property, plant and equipment	167	14	181
Intangible assets	39	36	75
Accrued income not yet earned	251	53	304
Accrued expenses not yet deductible	26	(4)	22
Prepayments	(4)	(73)	(77)
	1,958	73	2,031

	The Bank		
	2013		
	Opening balance $000	Recognised in profit or loss $000	Closing balance $000
Provisions for employee benefits not yet deductible	1,158	65	1,223
Provision for impairment on loans not yet deductible	166	(49)	117
Prior year bad debts not yet deductible	131	8	139
Property plant and equipment	183	(16)	167
Intangible assets	(11)	50	39
Accrued income not yet earned	202	49	251
Accrued expenses not yet deductible	86	(60)	26
Prepayments	(94)	90	(4)
	1,821	137	1,958

18. Intangible assets

Reconciliation of the movement in the carrying amount of intangible assets is as follows:

	The Group		
	2014		
	Computer software $000	Work in progress[4] $000	Total $000
At cost			
Balance at the beginning of the financial year	3,392	166	3,558
Additions	407	-	407
Reclassifications	25	(25)	-
Balance at the end of the financial year	3,824	141	3,965
Accumulated amortisation and impairment			
Balance at the beginning of the financial year	(3,071)	-	(3,071)
Amortisation expense	(327)	-	(327)
Balance at the end of the financial year	(3,398)	-	(3,398)
Carrying amount at 30 June 2014	426	141	567

	The Group		
	2013		
	Computer software $000	Work in progress[4] $000	Total $000
At cost			
Balance at the beginning of the financial year	3,140	-	3,140
Additions	252	166	418
Balance at the end of the financial year	3,392	166	3,558
Accumulated amortisation and impairment			
Balance at the beginning of the financial year	(2,686)	-	(2,686)
Amortisation expense	(385)	-	(385)
Balance at the end of the financial year	(3,071)	-	(3,071)
Carrying amount at 30 June 2013	321	166	487

18. Intangible assets (continued)

	The Bank		
	2014		
	Computer software $000	Work in progress[4] $000	Total $000
At cost			
Balance at the beginning of the financial year	3,392	166	3,558
Additions	407	-	407
Reclassifications	25	(25)	-
Balance at the end of the financial year	3,824	141	3,965
Accumulated amortisation and impairment			
Balance at the beginning of the financial year	(3,071)	-	(3,071)
Amortisation expense	(327)	-	(327)
Balance at the end of the financial year	(3,398)	-	(3,398)
Carrying amount at 30 June 2014	426	141	567

	The Bank		
	2013		
	Computer software $000	Work in progress[4] $000	Total $000
At cost			
Balance at the beginning of the financial year	3,140	-	3,140
Additions	252	166	418
Balance at the end of the financial year	3,392	166	3,558
Accumulated amortisation and impairment			
Balance at the beginning of the financial year	(2,686)	-	(2,686)
Amortisation expense	(385)	-	(385)
Balance at the end of the financial year	(3,071)	-	(3,071)
Carrying amount at 30 June 2013	321	166	487

[4] Work in progress represents payments for computer software that as at reporting date are not yet available for use. As such, amortisation has not commenced.

19. Other assets

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Prepayments	776	787	776	787

20. Borrowings

	The Group		The Bank	
	2014	2013	2014	2013
	$000	$000	$000	$000
Secured loans from Cuscal (refer to note 31)	-	15,000	-	15,000
	-	15,000	-	15,000
a. Maturity analysis				
Not longer than three months	-	15,000	-	15,000
	-	15,000	-	15,000

21. Deposits

Members' redeemable preference shares	770	765	770	765
Call deposits	480,061	459,370	480,061	459,370
Term deposits	724,945	825,028	724,945	825,028
Electronic certificates of deposit	111,012	-	111,012	-
	1,316,788	1,285,163	1,316,788	1,285,163
a. Maturity analysis				
At call	480,831	460,135	480,831	460,135
Not longer than three months	483,679	424,033	483,679	424,033
Longer than three months, not longer than one year	328,040	396,397	328,040	396,397
Longer than one year, not longer than five years	24,238	4,598	24,238	4,598
	1,316,788	1,285,163	1,316,788	1,285,163

b. Concentration of deposits

There are no depositors whose deposits represent 10% or more of total liabilities.

22. Trade and other payables

Trade creditors	100	525	100	525
Other operating payables	2,015	2,382	2,015	2,382
Interest payable	9,176	10,540	9,176	10,540
Accrued expenses	1,014	980	1,014	980
Unearned commissions	66	76	66	76
Unamortised lease incentive	949	764	949	764
	13,320	15,267	13,320	15,267

23. Current tax liabilities

Current income tax payable	-	500	-	500

24. Provisions

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Provision for employee entitlements	4,273	4,077	4,273	4,077
Other provisions	-	17	-	17
	4,273	4,094	4,273	4,094

Provisions are expected to be settled within one year with the exception of those provisions for employee entitlements related to long service leave and accrued sick leave which amount to $2,654 thousand (2013: $2,499 thousand).

25. Share capital

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Balance at the beginning of the financial year	810	772	810	772
Transfer on redemption of redeemable preference shares	37	38	37	38
Balance at the end of the financial year	847	810	847	810

Share capital represents the cumulative amount of redeemable members' shares redeemed by the Group since 1 July 1999. Corporations law requires that the redemption of shares be made out of profits. Since the value of shares have been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

26. Reserves

a. General reserve

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Balance at the beginning of the financial year	119,597	109,738	119,700	109,738
Transfer to the general reserve for credit losses	(394)	(124)	(394)	(124)
Transfer from retained earnings	8,336	9,983	8,592	10,086
Balance at the end of the financial year	127,539	119,597	127,898	119,700

The general reserve comprises the aggregate amount of all retained profits from ordinary activities after income tax since the Group's inception, less the aggregate amount relating to the redemption of redeemable preference shares and less any amounts transferred to the general reserve for credit losses. Its purpose is to illustrate that, in a mutual organisation, these amounts are not available for distribution as dividends and that the reserve clearly represents members' equity in the Group.

26. Reserves (continued)

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
b. General reserve for credit losses				
Balance at the beginning of the financial year	2,689	2,565	2,689	2,565
Transfer from the general reserve for credit losses	394	124	394	124
Balance at the end of the financial year	3,083	2,689	3,083	2,689

The general reserve for credit losses is established in accordance with APRA and represents the Group's prudent estimate of credit losses estimated, but not certain to arise, over the life of all individual facilities making up the business of the Group.

27. Retained earnings

	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Profit from continuing operations after income tax	8,373	10,021	8,629	10,124
Transfers to share capital upon redemption of redeemable preference shares	(37)	(38)	(37)	(38)
Transfers to general reserve	(8,336)	(9,983)	(8,592)	(10,086)
Retained earnings at the end of the financial year	-	-	-	-

28. Note to the statement of cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and call deposits with ADIs.

Profit for the year from continuing operations can be reconciled to net cash flows from operating activities as follows:

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Profit for the year from continuing operations	8,373	10,021	8,629	10,124
Add non-cash items				
Impairment of loans and advances	319	237	319	237
Depreciation of plant and equipment	694	687	694	687
Amortisation of intangible assets	327	385	327	385
Decrease / (increase) in assets				
Interest receivable	284	369	284	369
Trade debtors	102	384	102	384
Prepaid expenses	11	(114)	11	(114)
Other operating receivables	54	51	(1,538)	(4,108)
Deferred tax assets	(73)	(137)	(73)	(137)
Investments	(21,126)	88,522	(21,126)	88,522
Overdraft balances	336	311	336	311
Credit card balances	879	(260)	879	(260)
Term loans	(100,266)	(125,872)	(100,266)	(125,872)
Increase / (decrease) in liabilities				
Interest payable	(1,364)	(2,560)	(1,364)	(2,560)
Trade creditors	(425)	525	(425)	525
Accrued expenses	34	(79)	34	(79)
Unamortised lease incentive	185	172	185	172
Unearned commissions	(10)	(7)	(10)	(7)
Provision for employee benefits	196	215	196	215
Other provisions	(17)	(2)	(17)	(2)
Current income tax payable	(1,950)	602	(1,950)	602
Members redeemable preference shares	5	7	5	7
Other operating payables	(367)	1,641	(367)	1,641
Call deposits	20,691	43,947	20,691	43,947
Term deposits	(100,083)	143,058	(100,083)	143,058
Electronic certificates of deposit	111,012	-	111,012	-
Add / (deduct) cash flows from investing activities included in operating profit				
Gain on disposal of equipment	(7)	-	(7)	-
Loss on disposal of equipment	130	1	130	1
Net cash (used in) / provided by operating activities	(82,056)	162,104	(83,392)	158,048

29. Expenditure commitments

Operating lease arrangements

The Group's operating leases primarily relate to property leases of head office and the Group's branch network with original lease terms of five or ten years. Other leasing arrangements of the Group consist of its core banking, facilities management and associated support services, as well as various office equipment. Rental terms of the Group's operating lease contracts are either fixed for the contracted period or subject to agreed annual indexation clauses.

	The Group		The Bank	
	2014 $000	2013 $000	2014 $000	2013 $000
Not longer than three months	851	787	851	787
Longer than three months, not longer than one year	2,022	2,362	2,022	2,362
Longer than one year, not longer than five years	2,097	3,621	2,097	3,621
Later than five years	519	2,779	519	2,779
	5,489	9,549	5,489	9,549

30. Financial commitments

Outstanding loan commitments				
Loans approved but not advanced	29,821	52,393	29,821	52,393
Amounts available for redraw under term loans	114,337	115,299	114,337	115,299
Unused balance of revolving credit facilities	46,093	46,684	46,093	46,684
	190,251	214,376	190,251	214,376

Generally, there are no restrictions to the withdrawal of funds within undrawn credit commitments, provided contractual repayments are maintained. Many of the commitments included above are expected, based on historical experience, to expire without being drawn upon.

31. Registered charge

Cuscal holds a fixed and floating charge over the Group’s assets and future undertakings for loan facilities available to the Group. The amount outstanding under this charge as at 30 June 2014 is nil (2013: $15,000 thousand).

32. Securitisation arrangements

a. Integris Securitisation Services Pty Limited (Integris)

The Group had an arrangement with Integris, a wholly owned subsidiary of Cuscal, whereby it acted as an agent to promote and complete loans on its behalf. During the financial year the scheme was closed to new loan originations. The Group continues to manage the loans portfolio on behalf of Integris for which it receives a fee. The Group bears no credit risk exposure in respect of these loans and in accordance with its accounting policies does not recognise these loans on its statement of financial position. The securities issued by Integris do not represent liabilities of the Group and the Group does not guarantee the payment of interest or principal on these securities. The Group is not obliged to support any losses by investors in the trust and does not intend to provide such support. The value of loans originated on behalf of Intergris during the reporting period is nil (2013: $36 thousand). The balance of securitised loans within the Integris portfolio as at the end of the reporting period amounted to $43,616 thousand (2013: $55,812 thousand).

32. Securitisation arrangements (continued)

b. DBL Funding Trust No.1

During the financial year the Bank executed an internal securitisation transaction whereby $75,518 thousand (2013: $150,000 thousand) of eligible residential mortgage receivables were transferred to DBL Funding Trust No.1 which financed the transfer by issuing Aaa(sf) rated RMBS to the Bank. The RMBS are eligible for sale and repurchase transactions with the RBA and as such enhance the liquidity position of the Bank. The Bank retains substantially all of the risk and rewards of ownership of the transferred assets and in accordance with its accounting policies does not derecognise the transferred assets.

33. Remuneration of auditor

	The Group		The Bank	
	2014 $	2013 $	2014 $	2013 $
Deloitte Touche Tohmatsu				
Audit or review of the financial statements	71,000	-	71,000	-
Regulatory and compliance engagements	36,000	-	36,000	-
	107,000	-	107,000	-
UHY Haines Norton				
Audit or review of the financial statements	-	111,100	-	111,100
Regulatory and compliance engagements	-	6,380	-	6,380
	-	117,480	-	117,480
	107,000	117,480	107,000	117,480

Regulatory and compliance engagements include audit or procedures in relation to Retirement Savings Accounts (RSA), Australian Financial Services Licence (AFSL), securitisation and Australian Prudential Standard (APS) 310. During the year the Bank appointed Deloitte Touche Tohmatsu as auditor replacing UHY Haines Norton.

34. Key management personnel

Compensation of key management personnel

Key management personnel during the financial year comprised nine non-executive directors, one chief executive officer and ten executive managers. The aggregate compensation made to key management personnel of the Group is as follows:

	2014 $	2013 $
Directors' remuneration:		
Short-term employee benefits	478,605	498,908
Executive management remuneration:		
Short-term employee benefits	2,658,930	2,345,002
Other long-term benefits	149,744	176,839
Termination benefits	3,156	-
	2,811,830	2,521,841
Total key management personnel remuneration:		
Short-term employee benefits	3,137,535	2,843,910
Other long-term benefits	149,744	176,839
Termination benefits	3,156	-
	3,290,435	3,020,749

35. Financial instruments

a. Categories of financial instruments	The Group 2014 $000	The Group 2013 $000	The Bank 2014 $000	The Bank 2013 $000
Financial assets				
Cash and cash equivalents	67,221	165,247	61,829	161,191
Held-to-maturity financial assets				
Investments	193,725	172,599	193,725	172,599
Loans and receivables at amortised cost:				
Trade and other receivables	1,713	2,153	7,464	6,312
Loans and advances	1,194,596	1,095,864	1,194,596	1,095,864
Available-for-sale financial assets:				
Equity investments	1,639	1,639	1,639	1,639
	1,458,894	1,437,502	1,459,253	1,437,605
Financial liabilities				
At amortised cost:				
Borrowings	-	15,000	-	15,000
Deposits	1,316,788	1,285,163	1,316,788	1,285,163
Trade and other payables	13,320	15,267	13,320	15,267
	1,330,108	1,315,430	1,330,108	1,315,430

b. Financial risk management objectives

The Group is exposed to a number of risks arising from the use of financial instruments in the normal course of its operations. These risks primarily include market risk, credit risk and liquidity risk.

The Group seeks to manage these risks through a series of internal risk reports which analyse exposures by degree and by magnitude of risk. Key measures which act as proxies for the specific risks are tracked against pre-established thresholds set by the Board as part of its overarching risk management policy. Compliance with policy and exposure limits is reviewed by the internal auditors on an ongoing basis.

c. Market risk

Market risk is the risk of changes in market prices affecting the Group's income or the value of positions held by the Group. As the Group does not deal in foreign contracts, commodities or equity securities, market risk consists solely of interest rate risk. Interest rate risk is defined as the risk of change in the fair value of future cash flows arising from financial instruments due to variability in interest rates. The Group is exposed to interest rate risk as a result of mismatches between the repricing dates of financial assets and liabilities.

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, whilst optimising return. To this end, the Board has in place a comprehensive market risk policy which establishes a methodology for the calculation, examination and reporting of the interest rate risk position on a regular basis. Management of interest rate risk is vested in the ALLC. The Committee meets regularly to review the interest rate risk position and takes decisions to mitigate identified market risks. Action taken by the ALCC is reported to the Board.

The Group does not enter into, or trade in, financial instruments for speculative purposes and as such the interest rate risk the Group is exposed to arises only from activities within its banking book.

There has been no material change to the Group's exposure to interest rate risk, or the manner in which these risks are managed and measured, over the reporting period.

35. Financial instruments (continued)

The interest rate sensitivity analysis below has been prepared assuming the balance of floating rate assets and liabilities outstanding at the end of the reporting period were outstanding for the whole reporting period. A change of 100 basis points in interest rates is used in the analysis as this represents management's assessment of the reasonable possible change in interest rates. A 100 basis point increase in interest rates compared to actual rates would increase profit and equity by the following amounts. A 100 basis points decrease in interest rates would have an equal and opposite impact:

	The Group		**The Bank**	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Profit	4,992	5,337	4,995	5,337
Equity	4,992	5,337	4,995	5,337

d. Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk for the Group can be segregated as follows:

i. Loans and advances

The risk of losses that may arise from loans advanced to members is mitigated by the careful application of loan assessment criteria designed to ensure capacity to pay and by the nature and quality of any collateral taken as security. Where collateral is held, it is in the form of mortgage interests over residential property, mortgage insurance and guarantees with regard to housing loans; and other registered securities over motor vehicles with regard to personal lending.

In the case of loans secured by a registered first mortgage, the Group requires borrowers to obtain mortgage insurance to cover the total indebtedness to the Group in situations where the loan to valuation ratio is more than 80%. This policy is only relaxed when there are particular mitigating circumstances. Details of the loan to value ratio of the home loan portfolio are disclosed at note 14.

The Group has a concentration of credit risk by industry sector to the Defence community (serving and former serving members of the Australian Defence Force, Defence civilians, contractors and families of this bond). This concentration is considered to be acceptable on the grounds that the Group was formed to secure the financial needs of these members and the employment concentration is not exclusive. Should members cease employment within the Australian Defence Force, the loans continue and other employment opportunities are available to the members to facilitate the repayment of loans.

ii. Investments

The risk of losses arising from investments made as part of managing the Group's liquid asset portfolio is mitigated by a series of policies that limit both the counterparties with which the Group transacts and also the aggregate exposure to any one counterparty.

There have been no changes to the manner in which credit risk is managed during the financial year.

The Group’s maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated below. The credit quality of the Group's financial assets at the end of the financial year are as follows:

35. Financial instruments (continued)

	The Group 2014					
	Current and not impaired				Past due and / or impaired	Total
		Rated (Long term, Short term) [5]				
	Unrated $000	≥ AA-, A1 $000	≥ A-, A2 $000	≥ BBB-, A3 $000	$000	$000
Financial assets						
Cash and cash equivalents	-	67,221	-	-	-	67,221
Held-to-maturity financial assets						
Investments	-	38,002	103,692	52,031	-	193,725
Loans and receivables at amortised cost:						
Trade and other receivables	1,713	-	-	-	-	1,713
Loans and advances	1,193,806	-	-	-	790	1,194,596
Available-for-sale financial assets:						
Equity investments	-	1,639	-	-	-	1,639
	1,195,519	106,862	103,692	52,031	790	1,458,894

	The Group 2013					
	Current and not impaired				Past due and / or impaired	Total
		Rated (Long term, Short term) [5]				
	Unrated $000	≥ AA-, A1 $000	≥ A-, A2 $000	≥ BBB-, A3 $000	$000	$000
Financial assets						
Cash and cash equivalents	-	79,300	85,947	-	-	165,247
Held-to-maturity financial assets						
Investments	-	9,002	76,795	86,802	-	172,599
Loans and receivables at amortised cost:						
Trade and other receivables	2,153	-	-	-	-	2,153
Loans and advances	1,094,394	-	-	-	1,470	1,095,864
Available-for-sale financial assets:						
Equity investments	-	1,639	-	-	-	1,639
	1,096,547	89,941	162,742	86,802	1,470	1,437,502

35. Financial instruments (continued)

The Bank

2014

	Current and not impaired				Past due and / or impaired	Total
		Rated (Long term, Short term) [5]				
	Unrated $000	≥ AA-, A1 $000	≥ A-, A2 $000	≥ BBB-, A3 $000	$000	$000
Financial assets						
Cash and cash equivalents	-	61,829	-	-	-	61,829
Held-to-maturity financial assets						
Investments	-	38,002	103,692	52,031	-	193,725
Loans and receivables at amortised cost:						
Trade and other receivables	7,464	-	-	-	-	7,464
Loans and advances	1,193,806	-	-	-	790	1,194,596
Available-for-sale financial assets:						
Equity investments	-	1,639	-	-	-	1,639
	1,201,270	101,470	103,692	52,031	790	1,459,253

The Bank

2013

	Current and not impaired				Past due and / or impaired	Total
		Rated (Long term, Short term) [5]				
	Unrated $000	≥ AA-, A1 $000	≥ A-, A2 $000	≥ BBB-, A3 $000	$000	$000
Financial assets						
Cash and cash equivalents	-	75,244	85,947	-	-	161,191
Held-to-maturity financial assets						
Investments	-	9,002	76,795	86,802	-	172,599
Loans and receivables at amortised cost:						
Trade and other receivables	6,312	-	-	-	-	6,312
Loans and advances	1,094,394	-	-	-	1,470	1,095,864
Available-for-sale financial assets:						
Equity investments	-	1,639	-	-	-	1,639
	1,100,706	85,885	162,742	86,802	1,470	1,437,605

[5] Ratings grades refer to Standard and Poor's (S&P) rating levels for long term and short term issuer ratings respectively. Where a counterparty is rated by an alternative ratings agency, its rating has been classified in line with the equivalent S&P rating.

35. Financial instruments (continued)

The delinquency of financial assets classified as past due and / or impaired at the end of the financial year are as follows:

The Group – 2014

	Past due and not impaired			Past due and / or impaired		
	30 - 59 days $000	60 - 89 days $000	≥ 90 days $000	< 90 days $000	≥ 90 days $000	Total $000
Financial assets						
Loans and receivables at amortised cost:						
Loans and advances	199	122	-	58	411	790
	199	122	-	58	411	790

The Group – 2013

	Past due and not impaired			Past due and / or impaired		
	30 - 59 days $000	60 - 89 days $000	≥ 90 days $000	< 90 days $000	≥ 90 days $000	Total $000
Financial assets						
Loans and receivables at amortised cost:						
Loans and advances	863	141	-	145	321	1,470
	863	141	-	145	321	1,470

The Bank – 2014

	Past due and not impaired			Past due and / or impaired		
	30 - 59 days $000	60 - 89 days $000	≥ 90 days $000	< 90 days $000	≥ 90 days $000	Total $000
Financial assets						
Loans and receivables at amortised cost:						
Loans and advances	199	122	-	58	411	790
	199	122	-	58	411	790

The Bank – 2013

	Past due and not impaired			Past due and / or impaired		
	30 - 59 days $000	60 - 89 days $000	≥ 90 days $000	< 90 days $000	≥ 90 days $000	Total $000
Financial assets						
Loans and receivables at amortised cost:						
Loans and advances	863	141	-	145	321	1,470
	863	141	-	145	321	1,470

35. Financial instruments (continued)

e. Liquidity risk

Liquidity risk is the risk that the Group may experience difficulties in raising funds to meet its commitments. The objective of liquidity risk management is to ensure that the Group always has sufficient liquidity to meet its liabilities under normal and stressed market conditions.

The Group manages liquidity risk primarily through adherence to Board policies that require the Group to maintain a minimum of 10% of adjusted liabilities as liquid assets at all times. This policy also sets out various trigger levels and the required course of action should the liquidity ratio fall below these levels.

The ALLC meets regularly to consider the liquidity position of the Group and set rates as appropriate to manage liquidity within policy requirements. As at 30 June 2014 the high quality liquid asset ratio was 17.04% (2013: 22.97%).

The Group maintains the following borrowing facilities with Cuscal at the reporting date:

	The Group		The Bank	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Overdraft facility:				
Committed limit	5,000	5,000	5,000	5,000
Undrawn amount	5,000	5,000	5,000	5,000
Standby borrowing facility:				
Committed limit	20,000	20,000	20,000	20,000
Undrawn amount	20,000	20,000	20,000	20,000
Total undrawn facilities available	25,000	25,000	25,000	25,000

There are no restrictions on withdrawal of funds under the overdraft and standby facilities.

During the reporting period DBL Funding Trust No.1 purchased $75,518 thousand in eligible residential mortgages from the Bank funded by the issuance of RMBS to the Bank. The RMBS are eligible for sale and repurchase transactions with the RBA and serve to strengthen the Group's liquidity position. The value of securities outstanding that are eligible for sale and repurchase transaction with the RBA at the end of the reporting period are as follows:

	2014 $000	**2013 $000**
Aaa(sf) rated RMBS	160,622	121,513

To manage the liquidity risk arising from the financial liabilities, the Group holds liquid assets comprising cash and cash equivalents and investment grade securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. Therefore, the Group believes it is not necessary to disclose a maturity analysis in respect of these assets to enable the users to evaluate the nature and extent of liquidity risk.

35. Financial instruments (continued)

The following tables detail the contractual undiscounted cash flows of financial liabilities at the reporting date. The Group considers that the contracted maturities accurately represent the expected maturities.

	The Group				
	2014				
Financial liabilities	At call $000	Not at call, not longer than three months $000	Longer than three months, not longer than one year $000	Longer than one year, not longer than five years $000	Total $000
At amortised cost:					
Deposits	480,831	491,372	337,305	26,089	1,335,597
Trade and other payables	-	13,320	-	-	13,320
	480,831	504,692	337,305	26,089	1,348,917

	The Group				
	2013				
Financial liabilities	At call $000	Not at call, not longer than three months $000	Longer than three months, not longer than one year $000	Longer than one year, not longer than five years $000	Total $000
At amortised cost:					
Borrowings	-	15,000	-	-	15,000
Deposits	460,135	424,033	396,397	4,598	1,285,163
Trade and other payables	-	15,267	-	-	15,267
	460,135	454,300	396,397	4,598	1,315,430

	The Bank				
	2014				
Financial liabilities	At call $000	Not at call, not longer than three months $000	Longer than three months, not longer than one year $000	Longer than one year, not longer than five years $000	Total $000
At amortised cost:					
Deposits	480,831	491,372	337,305	26,089	1,335,597
Trade and other payables	-	13,320	-	-	13,320
	480,831	504,692	337,305	26,089	1,348,917

	The Bank				
	2013				
Financial liabilities	At call $000	Not at call, not longer than three months $000	Longer than three months, not longer than one year $000	Longer than one year, not longer than five years $000	Total $000
At amortised cost:					
Borrowings	-	15,000	-	-	15,000
Deposits	460,135	424,033	396,397	4,598	1,285,163
Trade and other payables	-	15,267	-	-	15,267
	460,135	454,300	396,397	4,598	1,315,430

35. Financial instruments (continued)

Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	The Group			
	Carrying amount		Net fair value	
	2014 $000	2013 $000	2014 $000	2013 $000
Financial assets				
Cash and cash equivalents	67,221	165,247	67,221	165,247
Held-to-maturity financial assets				
Investments	193,725	172,599	194,133	172,663
Loans and receivables at amortised cost:				
Trade and other receivables	1,713	2,153	1,713	2,153
Loans and advances	1,194,596	1,095,864	1,194,708	1,096,208
Available-for-sale financial assets:				
Equity investments [6]	1,639	1,639	1,639	1,639
	1,458,894	1,437,502	1,459,414	1,437,910
Financial liabilities				
At amortised cost:				
Borrowings	-	15,000	-	15,575
Deposits	1,316,788	1,285,163	1,317,706	1,286,295
Trade and other payables	13,320	15,267	13,320	15,267
	1,330,108	1,315,430	1,331,026	1,317,137

	The Bank			
	Carrying amount		Net fair value	
	2014 $000	2013 $000	2014 $000	2013 $000
Financial assets				
Cash and cash equivalents	61,829	161,191	61,829	161,191
Held-to-maturity financial assets				
Investments	193,725	172,599	194,133	172,663
Loans and receivables at amortised cost:				
Trade and other receivables	7,464	6,312	7,464	6,312
Loans and advances	1,194,596	1,095,864	1,194,708	1,096,208
Available-for-sale financial assets:				
Equity investments [6]	1,639	1,639	1,639	1,639
	1,459,253	1,437,605	1,459,773	1,438,013
Financial liabilities				
At amortised cost:				
Borrowings	-	15,000	-	15,575
Deposits	1,316,788	1,285,163	1,317,706	1,286,295
Trade and other payables	13,320	15,267	13,320	15,267
	1,330,108	1,315,430	1,331,026	1,317,137

[6] Equity investments represents shares in Cuscal Limited (refer to note 11). These shares are carried at cost as their value cannot be reliably measured due to the absence of an active market for the shares.

Notes to the financial statements

for the financial year ended 30 June 2014

35. Financial instruments (continued)

	The Group			
	Fair value hierarchy as at 30 June 14			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets				
Cash and cash equivalents	-	-	67,221	67,221
Held-to-maturity financial assets				
Investments	-	169,133	25,000	194,133
Loans and receivables at amortised cost:				
Trade and other receivables	-	-	1,713	1,713
Loans and advances	-	-	1,194,708	1,194,708
Available-for-sale financial assets:				
Equity investments	-	-	1,639	1,639
	-	169,133	1,290,281	1,459,414
Financial liabilities				
At amortised cost:				
Borrowings	-	-	-	-
Deposits	-	-	1,317,706	1,317,706
Trade and other payables	-	-	13,320	13,320
	-	-	1,331,026	1,331,026

	The Group			
	Fair value hierarchy as at 30 June 13			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets				
Cash on hand and on deposit	-	-	165,247	165,247
Held-to-maturity financial assets				
Investments	-	172,663	-	172,663
Loans and receivables at amortised cost:				
Trade and other receivables	-	-	2,153	2,153
Loans and advances	-	-	1,096,208	1,096,208
Available-for-sale financial assets:				
Equity investments	-	-	1,639	1,639
	-	172,663	1,265,247	1,437,910
Financial liabilities				
At amortised cost:				
Borrowings	-	-	15,575	15,575
Deposits	-	-	1,286,295	1,286,295
Trade and other payables	-	-	15,267	15,267
	-	-	1,317,137	1,317,137

35. Financial instruments (continued)

	The Bank			
	Fair value hierarchy as at 30 June 14			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets				
Cash and cash equivalents	-	-	61,829	61,829
Held-to-maturity financial assets				
Investments	-	169,133	25,000	194,133
Loans and receivables at amortised cost:				
Trade and other receivables	-	-	7,464	7,464
Loans and advances	-	-	1,194,708	1,194,708
Available-for-sale financial assets:				
Equity investments	-	-	1,639	1,639
	-	169,133	1,290,640	1,459,773
Financial liabilities				
At amortised cost:				
Borrowings	-	-	-	-
Deposits	-	-	1,317,706	1,317,706
Trade and other payables	-	-	13,320	13,320
	-	-	1,331,026	1,331,026

	The Bank			
	Fair value hierarchy as at 30 June 13			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets				
Cash on hand and on deposit	-	-	161,191	161,191
Held-to-maturity financial assets				
Investments	-	172,663	-	172,663
Loans and receivables at amortised cost:				
Trade and other receivables	-	-	6,312	6,312
Loans and advances	-	-	1,096,208	1,096,208
Available-for-sale financial assets:				
Equity investments	-	-	1,639	1,639
	-	172,663	1,265,350	1,438,013
Financial liabilities				
At amortised cost:				
Borrowings	-	-	15,575	15,575
Deposits	-	-	1,286,295	1,286,295
Trade and other payables	-	-	15,267	15,267
	-	-	1,317,137	1,317,137

36. Capital

Capital management
APRA Prudential Standards require ADIs to maintain at all times a minimum ratio of total capital to risk-weighted assets of 8%, comprising, at a minimum, a Common Equity Tier 1 ratio of 4.5% and a total Tier 1 ratio of 6.0%. The Group's capital ratio at the end of the financial year is as follows:

	The Group		The Bank	
	2014 %	2013 %	2014 %	2013 %
Common Equity Tier 1	15.8	14.7	15.8	14.7
Total Tier 1 Capital	15.8	14.7	15.8	14.7
Tier 2 Capital	0.4	0.3	0.4	0.3
Total Capital	16.2	15.0	16.2	15.0

As part of its risk management frame work, the Group has developed an Internal Capital Adequacy Assessment Process to monitor and manage capital in a manner that is consistent with the assessed risk exposure and forecast levels of business activity. Capital is managed in a range comfortably above the 8% minimum required by APRA and incorporates an annual assessment of appropriate risk exposures for operational, market and credit risks.

37. Subsequent events

Since the end of the financial year, the directors have not become aware of any matters or circumstances that may significantly affect the operations, results of those operations, or the state of affairs, of the Group.

38. Approval of financial statements

The financial statements were approved by the Board of directors and authorised for issue on 20 September 2014.

Directors' declaration

We, Paul Mulraney and Craig Madden, being two of the directors of Defence Bank Limited, in accordance with a resolution of the Board of directors, declare that:

a. in the directors’ opinion there are reasonable grounds to believe that Defence Bank Limited will be able to pay its debts as and when they fall due;

b. in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements; and

c. in the directors' opinion, the attached financial statements and notes to the financial statements are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of Defence Bank for the period ended 30 June 2014.

P Mulraney
Director
20 September 2014

C Madden
Director
20 September 2014

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Defence Bank Limited

We have audited the accompanying financial report of Defence Bank Limited (the company), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 52.

Directors' Responsibility 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 Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Defence Bank Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent auditor's report

Deloitte.

Opinion

In our opinion:

(a) the financial report of Defence Bank Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants

Melbourne, 20 September 2014

Auditor's independence declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Defence Bank Limited
Level 5, 31 Queen Street
Melbourne VIC 3001

20 September 2014

Dear Board Members

Auditor's Independence Declaration to Defence Bank Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Defence Bank Limited.

As lead audit partner for the audit of the financial statements of Defence Bank Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountant

General information

Registration	Defence Bank Limited is a public company limited by shares (member shares) under the Corporations Act 2001 administered by the Australian Securities and Investments Commission ABN 57 087 651 385
Registered business name	Defence Bank
Australian financial services licence	Licence No. 234582
Registered office	Level 5, 31 Queen Street MELBOURNE VIC 3000
Corporate rating	Standard and Poors BBB+ / Stable / A-2
Mail address	PO Box 14537 MELBOURNE VIC 8001
Telephone numbers	(03) 8624 5888 1800 033 139
Fax number	(03) 8624 5892
Email	info@defencebank.com.au
Website	www.defencebank.com.au
Interstate trading	Defence Bank is registered to trade in each State and Territory of Australia.

About Defence Bank

Defence Bank commenced operations in March 1975 as Defence Force Credit Union Limited (Defcredit) before changing its name to Defence Bank in 2012. Today, Defence Bank has 40 branches around Australia.

Unlike many other financial institutions, Defence Bank doesn't exist to make profits for shareholders. We're here to focus on your financial needs, rather than being driven to make profits for shareholders. We re-invest our profits back into the bank to make sure we give you the service and competitive products you deserve.

Defence Bank offers financial products and services to not only the Defence Force, but the broader community as well. With more than 90,000 members and more than $1.5 billion in assets under management, Defence Bank is one of Australia's larger member-owned banks.

We're here to help

It's easy and convenient to contact us. Here's how:

- **1800 033 139**, 8am to 8pm AEST weekdays
- **defencebank.com.au**
- Visit your local Defence Bank branch
- info@defencebank.com.au

Defence Bank Limited
ABN 57 087 651 385
AFSL/Australian Credit Licence 234582
Head Office, Level 5, 31 Queen Street
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AFR14(10/14)

Defence Bank