

Note 14: Financial Instruments

	Notes	Consolidated	
		2018 \$'000	2017 \$'000
Note 14A: Categories of financial instruments			
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents	6A	172,733	277,758
Total cash and cash equivalents		172,733	277,758
Held-to-maturity			
Term deposits & bonds	6E	23,800	51,410
Total held-to-maturity financial assets		23,800	51,410
Loans and receivables financial assets			
Goods and services	6B	26,594	13,123
Other receivables		11,650	1,889
Total loans and receivables financial assets		38,244	15,012
Fair value through profit or loss: designated			
Investments in market funds	5A	193,639	147,928
Business and home loans	6C	809,804	709,469
Total fair value through profit or loss: designated		1,003,443	857,397
Available-for-sale financial assets			
Associates	6D	19,324	18,723
Total available-for-sale financial assets		19,324	18,723
Carrying amount of financial assets		1,257,544	1,220,301
Financial liabilities			
Other financial liabilities - at amortised cost			
Trade creditors	8A	11,825	13,328
Other payables	8B	1,428	1,361
Total other financial liabilities - at amortised cost		13,253	14,690
Borrowings secured by a floating charge	9	17,504	11,500
Total borrowings secured by a floating charge		17,504	11,500
Carrying amount of financial liabilities		30,757	26,190

There is no material difference between fair value and carrying value of financial assets and liabilities.

Note 14: Financial Instruments (continued)

	Notes	Consolidated	
		2018 \$'000	2017 \$'000
Note 14B: Net Gains or Losses from financial assets			
Held-to-maturity assets			
Interest revenue		1,223	2,052
Net gain: held-to-maturity assets		1,223	2,052
Loans and receivables			
Interest revenue		3,919	3,717
Net gain: loans and receivables		3,919	3,717
Fair value through profit or loss			
Interest revenue		47,229	45,190
Changes in fair value		5,055	11,324
Net gains/(loss) - fair value through profit or loss		52,284	56,514
Available-for-sale financial assets			
Interest revenue		124	508
Dividend revenue		11,139	1,436
Net gain on disposal		1,930	6,035
Gain recognised in equity		(72)	(2,524)
Net gain/(loss) - available-for-sale assets		13,121	5,455
Net gain on financial assets		70,547	67,738
Note 14C: Net Gains or Losses from financial liabilities			
Financial liabilities - at amortised cost			
Interest expense		789	807
Net losses - financial liabilities - at amortised cost		789	807
Net losses from financial liabilities		789	807

Note 14: Financial Instruments (continued)

Note 14D: Fair value of financial instruments

Loan receivables designated at fair value through profit or loss

Changes in the fair value of loans designated at fair value through profit and loss, that arose due to credit risk (method used either AASB 7 Financial Instruments: Disclosures 9(i) or 9c(ii)).

	Consolidated	
	2018 \$'000	2017 \$'000
Maximum exposure to credit risk	809,804	709,467
Fair value changes due to credit risk:		
During the period	49,922	(734)
Prior to the period	340,528	341,262
Cumulative change	390,450	340,528

- IBA Home and Business loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The interest rate differential against which the discount is applied, is split into market discount and credit discount differentials. Movement in fair value is dependent on new loans settled, loans repaid and interest rate changes during the period. The credit risk impact that is measured below, gives the fair value discount arising on the credit interest differential only.
- IBA has not utilised any instruments such as credit derivatives to mitigate its credit risk.

Fair value measurements categorised by fair value hierarchy

IBA uses the following techniques for measuring fair value of assets and liabilities:

- Trade receivables are valued at realisable value, which in the absence of impairment is the same as carrying value.
- Trade and other payables and provisions are valued at their carrying values adjusted for any impairment.
- Investments are assessed for fair value against market-related inputs every year and an external valuation is performed once every three years.
- Loans receivables are assessed for fair value against market-related benchmarks on an ongoing basis.

When measuring fair value, IBA is required to maximise the use of observable inputs. IBA has used the Level 2 fair value hierarchy - Inputs other than quoted price that are observable either directly or indirectly.

Note 14E: Credit risk - maximum exposure

IBA manages credit risk on its loans portfolio by undertaking background and credit checks prior to allowing a debtor relationship. In addition, IBA has policies and procedures that guide employees' debt recovery techniques. IBA also holds collateral against certain loans to mitigate against credit risk.

The following table illustrates IBA's gross exposure to credit risk, excluding any collateral or credit enhancements.

	Consolidated	
	2018 \$'000	2017 \$'000
Financial assets		
Trade, other receivables and other financial assets	38,244	15,012
Loans receivables - Home	772,708	679,495
Loans receivables - Business	37,096	29,972
Investments in market funds	193,639	147,928
Investments in associates treated as available-for-sale	19,324	18,723
Term deposits & bonds	23,800	51,410
Total	1,084,811	942,540

Note 14: Financial Instruments (continued)

Note 14E: Credit risk - maximum exposure (continued)

In relation to financial assets, deposits, trade receivables and investments are considered not past due and not impaired. The details of past due and impaired assets pertain to Home and Business loans only.

Impairment and ageing analysis of IBA's Home and Business loan receivables

	Consolidated			
	Not past due nor impaired 2018 \$'000	Not past due nor impaired 2017 \$'000	Past due or impaired 2018 \$'000	Past due or impaired 2017 \$'000
	Financial assets			
Loans receivables - Home	696,193	590,982	85,450	96,042
Loans receivables - Business	33,306	24,404	11,241	11,702
Total	729,499	615,386	96,691	107,744

Ageing analysis of financial assets and loan receivables that are past due but not impaired

	Consolidated 2018				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
	Financial assets				
Loans receivables - Home	36,663	14,098	5,134	12,660	68,555
Loans receivables - Business	1,385	418	377	4,461	6,641
Total	38,048	14,516	5,511	17,121	75,196

	Consolidated 2017				
	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
	Financial assets				
Loans receivables - Home	37,619	16,865	8,653	12,991	76,128
Loans receivables - Business	465	1,595	558	1,008	3,626
Total	38,084	18,460	9,211	13,999	79,754

Loans receivables considered impaired

	Consolidated	
	2018 \$'000	2017 \$'000
Financial assets		
Loans receivables - Home	16,895	19,914
Loans receivables - Business	4,600	7,840
Total	21,495	27,754

Note 14: Financial Instruments (continued)

Note 14F: Assets pledged/or held as collateral

In relation to the borrowings by subsidiaries of IBA, the following collateral is pledged.

	Consolidated	
	2018	2017
	\$'000	\$'000
Asset pledged as collateral		
Financial liabilities:		
Borrowings secured by floating charge	17,504	11,500
Total assets held as collateral	17,504	11,500

The assets held as collateral comprise the following:

- As at 30 June 2018, \$17.5 million (30 June 2017: \$11.5 million) relates to the amount borrowed against security of land and buildings.

In relation to IBA's gross credit risk, the following collateral is held against Home and Business loans.

	2018	2017
	\$'000	\$'000
Assets held as collateral		
Non-financial assets:		
Loans receivables - Home	1,539,784	1,367,163
Loans receivables - Business	134,285	117,902
Total assets held as collateral	1,674,069	1,485,065