2026

ANNUAL REPORT

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Chair’s and Chief Executive’s Address

Dear Members,

The banking landscape continues to change, and the 2025-2026 financial year brought more change and more uncertainty than most. And yet, what members ask of IMB Bank has not changed: to understand their circumstances and goals, to offer genuine value that supports their financial wellbeing, and to be there when it matters.

This focus shaped our decisions and investment throughout the year, helping us make banking simpler, safer and more accessible. Alongside this progress, IMB delivered record profit and lending results and achieved good growth in its member base, further strengthening capacity to invest in the services, security and personal support members rely on.

Turning purpose into performance

IMB Bank’s financial results reflect a clear and consistent strategy: staying connected with members, providing safe and competitively priced products and services, and investing sustainably in the capabilities that support them. This approach is enabling IMB to grow on its own terms while continuing to deliver lasting value for members.

Much of this year’s progress came from responding quickly to the changing ways members want to bank with us. We made it faster and easier to apply online, expanded our use of secure facial recognition to confirm identity, strengthened scam protection and began exploring how artificial intelligence could help us to provide better outcomes for members.

FY26 was a year of profitable, well-managed growth. Net profit after tax rose 5.1% to $40.1 million, and underpinning this result was a 6.8% lift in net interest income to $199.2 million, achieved through a disciplined, balanced approach to pricing for both borrowers and depositors as market conditions shifted.

A key achievement of FY26 was a record $2.4 billion in new loan approvals, a 13.7% increase on the prior year and the highest annual result in IMB’s history. Members trusted us with some of their most important financial moments, from buying a first home, refinancing, investing, and building a business, and we were delighted to help more of them than ever.

Our loan portfolio expanded 9.8% to $7.6 billion, total assets grew 11.7% to $9.5 billion and total deposits increased 5.2% to $7.5 billion including a 7.5% increase in retail deposits, maintaining the stable funding position that has always underpinned IMB’s strength.

The expense to income ratio held broadly steady at 72.3%, reflecting continued cost discipline alongside deliberate investment in cyber security, technology to drive better member experience and regulatory resilience.

As cost-of-living pressures continued, we closely monitored arrears and hardship levels. Our loan book remained sound, reflecting responsible lending and timely, tailored support for members facing financial difficulty. The increase in the bad debts and provisioning expense to $2.1m is not as a result of underlying credit quality concerns and is primarily due to very strong growth in loan originations and increased provisioning to account for the changing economic environment as we move into FY27.

Total capital adequacy remained steady at 16.5%, comfortably above regulatory minimums. During the year, IMB completed its seventh voluntary off-market share buyback, reducing the number of shares on issue by 2.74 million for total consideration of $7.5 million. Strong shareholder participation reflected the value of providing an efficient opportunity for eligible shareholders to sell their shares directly to IMB. The buyback program forms part of our long-term strategy to simplify IMB’s capital structure and provide capacity to invest in sustainable growth and strategic initiatives that benefit members.

More choice, stronger connections

Members increasingly expect banking that is simple, seamless and available on their terms, yet still personal when it matters. We are proud to offer a full range of service channels that enable us to connect directly with new and existing members through our branches, locally based contact centre, mobile lenders and business bankers, and always-on digital banking. Our aim is to give members the choice and convenience to bank in the way that best suits what they want and need in the moment, whether that’s completing a simple task digitally, seeking quick guidance by phone or online, or receiving in-person support for a more complex financial decision.

This flexibility helps us build stronger, more engaged relationships with existing members and attract new members Australia-wide and support them through important financial milestones. In FY26 we welcomed over 21,000 new members while maintaining a 95% satisfaction rating and a new-member net promoter score of 67, well ahead of the major banks. Our mobile app retained strong app store ratings, reflecting the strength of our everyday digital experience.

Business banking is an increasingly important part of IMB Bank's growth strategy, helping members' businesses and communities thrive. We saw a modest uplift in the commercial portfolio during the year and made significant progress in strengthening the foundations for future growth. This included refining policy settings and identifying the operating model, systems and processes necessary to better meet the needs of the small business market segment. With dedicated business bankers in Sydney, Canberra, Newcastle, and the Illawarra, we are steadily broadening our footprint and positioning IMB to grow this portfolio, further diversify our lending mix and deepen our connection with local businesses.

We worked hard to deliver better value for members in FY26. We permanently removed a range of service and transaction fees across our accounts and extended eligibility for two IMB transaction fee free products. We lowered the eligibility age for our Everyday50PLUS account and increased the maximum age for our Kickstart Package, providing good value at both the younger and older stages of members' financial journeys. Our home loan, personal loan and term deposit rates remained among the top quarter of competitors. Eligible home loan borrowers also benefited from a market-leading cashback, providing additional funds when they may be most useful.

Artificial intelligence presents exciting opportunities to improve how we work and serve members. Over its 146 years of operation, IMB Bank has a strong track record of safely adapting to new technologies and innovating with purpose. This year, we established the governance, policies and assessment processes needed for responsible AI adoption and began exploring controlled uses that can help our people operate more efficiently and effectively when engaging with members. Our approach remains clear: use new technology where it can improve the member experience, while protecting members' data, applying strong ethical safeguards and preserving the human connection that sets IMB Bank apart.

As scams and financial crime increase in sophistication, protecting members' accounts and information has become one of the most significant responsibilities in modern banking. In FY26 we strengthened our defences by introducing Payee Name Confirmation in digital banking, placing targeted holds on high-risk outgoing payments for Fraud team review, refining in-app scam warnings, and multifactor authentication via in-app push notifications for payments requiring approval from multiple signatories. Extending biometric identity verification to online account opening, following its earlier use in our lending processes, also contributed to a sharp reduction in known identity-takeover events during the year. This work supports our broader response to the Scam Prevention Framework, which requires banks, telecommunications providers and digital platforms to work together to reduce consumer harm, and members can expect further enhancements in the year ahead.

Creating value beyond banking

Being member-owned means measuring success in more than financial terms. In FY26 the IMB Bank Community Foundation provided $700,000 in grants to 56 not-for-profit projects across NSW, the ACT and Victoria, bringing its total support since 1999 to more than 1,000 projects and cumulative funding over $13 million. These grants reached organisations tackling cost-of-living pressures, domestic and family violence, women's and youth homelessness, youth mentoring, financial education and community-led climate action.

This work is an extension of the same connection we value in everyday banking. Because our branches, our people and the organisations supported by the IMB Bank Community Foundation sit within the communities we serve, we see first-hand where assistance is most needed, and members can see where their bank's success ultimately makes a positive impact.

We continued to invest in our people and culture, and fostered diversity in our workplace. We achieved a notable reduction of 2.4% in the median base salary gender pay gap, and to ensure we support the attraction of a diverse range of candidates, refined interview skills training and introduced additional candidate assessment tools to support unbiased hiring and promotion practices. We also progressed our reconciliation journey, moving from our inaugural Reflect Reconciliation Action Plan toward an Innovate plan, providing more cultural awareness training to our employees and adopting an Indigenous Cultural and Intellectual Property Policy which will guide IMB Bank's respectful use of Indigenous cultural stories, imagery and other intellectual property.

We recognise our broader responsibility to operate our business sustainably. For the first time, members will find a Sustainability Report included together with the financial statements, reflecting new reporting requirements for organisations such as IMB Bank. The report outlines how climate change may affect our business, including the risks we are monitoring, the opportunities we may pursue, how the Board and management oversee them, and how we measure the progress we are making. Our disclosures will continue to evolve as our data, systems and sustainability practices mature.

IMB has made existing climate related commitments that guide our priorities, including reducing operational Scope 1 and Scope 2 greenhouse gas emissions by 90% by 2030 and sourcing 100% of our operational Scope 2 electricity from renewable sources by FY2025. We are pleased to have achieved meaningful progress towards this target and reported zero market-based Scope 2 emissions in FY26.

The regulatory landscape for banking continues to intensify, and FY26 required further investment to keep pace. One of our largest programs is implementing Australia’s enhanced anti-money laundering and counter-terrorism financing laws, which determines how we assess and manage financial crime risk throughout the member relationship. We also completed a significant uplift to our operational resilience arrangements in response to APRA’s CPS 230 Operational Risk requirements, strengthening how we maintain critical banking services through disruption and manage risks associated with key third party service providers. The Board also welcomes APRA’s proposed governance reforms and is already well placed to meet the impending regulatory standards relating to Board capability, independence, accountability and oversight of emerging risks.

Steady through a changing environment

Looking ahead to FY27, borrowing costs are likely to remain higher for some time, continuing to place pressure on household budgets and borrowing capacity. With the timing of any interest rate relief uncertain, we remain focused on supporting members who may experience financial difficulty and helping all members to achieve good financial outcomes.

A softer housing market, strong competition, higher funding costs and wider economic and geopolitical uncertainty will make the operating environment more demanding. These pressures will test the broader financial services sector and make sustaining FY26’s level of performance challenging.

IMB Bank nevertheless enters FY27 from a sound position. Our strong capital base, cost discipline and proven ability to adapt to our members needs provide a solid platform that enables us to remain competitive, and develop new capabilities that can make a positive impact on our members and their communities.

Our strategy remains to maintain close connections with our members, provide safe, reliable and good-value banking, and invest carefully for the future. IMB’s history of sustainable financial performance and member focus position us well to navigate the year ahead and continue building lasting value.

To our members, thank you for your loyalty and trust throughout FY26. We look forward to continuing to support you in the years ahead.

CA Aston
Chair

RJ Ryan
Chief Executive

Directors

Information set out in this section relating to board committee memberships and positions held by each of IMB's directors relates to the financial year ended 30 June 2026.

Catherine Ann Aston
B.EC M.COMM FCSI GAICD
Ms Aston has been a non-executive director of IMB Ltd since 2016 and was elected Chair in 2022. Ms Aston's experience is as an executive and non-executive director of digital and telecommunications businesses across Asia Pacific. She has a broad commercial background with senior roles in finance, marketing, strategy and business improvement. Ms Aston is the Chair of the Capital and Securitisation Committee and a member of the People & Culture Committee. Ms Aston is currently the Chair of Macquarie Investment Management Ltd, and a non-executive director and of IVE Group Ltd (Chair of the Board Audit, Risk and Compliance Committee) and Monash IVF Group (Chair of the Audit and Risk Committee). Ms Aston was previously a director of Over the Wire Holdings Limited, Integrated Research Ltd and Virtus Health Limited with other positions formerly held including Chair of Pillar Administration, director of Southern Phone Company Ltd and various senior executive positions at Telstra Corporation, Telstra International (Hong Kong) and Mobitel (Pvt) Ltd (Sri Lanka). As well as being a director of IMB Ltd, Ms Aston is also a director of all entities wholly owned by IMB Ltd.

Brian Vincent Bissaker
B.EC FCA GAICD
Mr Bissaker has been a director of IMB Ltd since 2023 and is the Chair of the ESG Committee and a member of the Capital and Securitisation Committee and the IMB Bank Community Foundation Committee. Mr Bissaker has over 30 years of experience in the financial services industry including as the CEO of Colonial First State and Virgin Money Australia and as a Group Executive of the Bank of Queensland. Mr Bissaker has a background in funds management, superannuation and banking across retail and institutional markets and has held senior executive responsibilities spanning product development, marketing, customer experience, strategic advice, mergers and acquisitions and end-to-end business management. He is currently a director of MetLife Insurance Limited, where he chairs the Audit Committee, and Australian Ethical Investment Ltd where he chairs the People and Remuneration Committee. He is a director of the Mercy Foundation and previously served as Chair of Monte Sant Angelo Mercy College and as a director of Citigroup Pty Limited, MyState Limited and Artega Investment Administration Pty Ltd. In addition to his IMB Ltd directorship, Mr Bissaker is a director of all entities wholly owned by IMB Ltd.
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Peter John Fitzgerald
B.COM FCA GAICD
Mr Fitzgerald has been a non-executive director of IMB Ltd since 2017 and is the Chair of the Audit Committee and a member of the People and Culture Committee. Mr Fitzgerald is a chartered accountant whose experience was gained as a tax and audit partner of KPMG, where he served as Managing Partner of the Wollongong office for over 20 years. Throughout his career he has been responsible for providing business advisory and taxation services to clients, with industry specialisations in professional services, aged care, property and construction and manufacturing. Mr Fitzgerald is currently Chair of the IRT Group and was previously a member of the Council of the University of Wollongong where he chaired the Risk, Audit and Compliance Committee and was previously a director of Peoplecare Health Insurance. As well as being a director of IMB Ltd, Mr Fitzgerald is also a director of all entities wholly owned by IMB Ltd.

Directors (continued)

Jann Angela Gardner
BA LLB MBA GAICD
Ms Gardner has been a non-executive director of IMB Ltd since May 2020 and is Chair of the IMB Bank Community Foundation Committee, a member of the Capital and Securitisation Committee and a member of the ESG Committee. Ms Gardner is an experienced litigation and insurance lawyer and the former Newcastle Managing Partner of Sparke Helmore Lawyers. She has held a number of management roles in professional services firms and is experienced in governance and risk management, with recent non-executive experience in the infrastructure, government, insurance, university and health sectors. Ms Gardner is currently a director of Arch Financial Holdings Australia Pty Ltd and its subsidiaries. Ms Gardner's former roles include Chair of StateCover Mutual Ltd, member of the University of Newcastle Council and Chair of its Risk Committee, Chair of the Advisory Board for 2NURFM and Chair of the Audit and Risk Management Committee for South West Sydney Local Health District. As well as being a director of IMB Ltd, Ms Gardner is also a director of all entities wholly owned by IMB Ltd.

Christine Stewart Traquair
BSC PGDip SAD MCIBS Chartered Banker, FCSI MAF GAICD FGIA
Ms Traquair has been a director of IMB Ltd since 2022 and is a member of the Risk Committee and Audit Committee. Ms Traquair has over 40 years' experience in the financial services industry, having held diverse senior leadership roles across risk, retail, business, wealth and institutional banking. She has deep risk management and credit expertise, together with extensive experience in governance, compliance, financial management, regulatory engagement and organisational simplification. Ms Traquair is currently a member of the Audit, Risk and Compliance Subcommittee of James Cook University Council. She previously held the role of Chief Risk Officer, Banking and Wealth at Suncorp Bank, following a substantial career at National Australia Bank where she held senior responsibilities across banking, wealth, risk and credit. As well as being a director of IMB Ltd, Ms Traquair is also a director of all entities wholly owned by IMB Ltd.

Harry Walter Wendt
BSC (COMPSC) MSC (Astronomy) PHD GAICD
Dr Wendt has been a non-executive director of IMB Ltd since 2020 and is the Chair of the People and Culture Committee and is a member of the Risk Committee and the ESG Committee. He has over 28 years of financial services industry experience, with extensive expertise in using technology to revolutionise customer experiences and transform business. Dr Wendt's previous roles include executive positions with Westpac Banking Corporation and he was formerly a non-executive director of Assembly Payments where he was Chair of the Audit, Risk and Compliance Committee. Dr Wendt is an adjunct research fellow of the University of Southern Queensland. As well as being a director of IMB Ltd, Dr Wendt is also a director of all entities wholly owned by IMB Ltd.

Christopher Michael Whitehead
BSC FAICD FCSI FCBI
Mr Whitehead has been a director of IMB Ltd since 2021 and is the Chair of the Risk Committee and a member of the Audit Committee. He has been associated with the Australasian financial services industry for over 30 years and has extensive experience as a non-executive director including in the payments, wealth management, information technology and insurance sectors. Mr Whitehead is currently a non-executive director of Choice and the Chair of the Defence Bank Nominations Committee. His previous roles include Chair of Visionflex Group Limited, CEO and Managing Director of the Financial Services Institute of Australasia, CEO of Australia's largest mutual ADI, Credit Union Australia (now Great Southern Bank), Regional Director, Bank of Scotland and CEO, Bankwest retail bank. Mr Whitehead commenced his career in information technology, working in a range of technical and leadership roles for a large multinational firm. He then successfully established the Australian subsidiary of an international software development and bureau service, prior to joining a Sydney-based regional bank as Chief Information Officer. As well as being a director of IMB Ltd, Mr Whitehead is also a director of all entities wholly owned by IMB Ltd.

The directors have pleasure in presenting their report, together with the financial statements of IMB Ltd, (the Company) and of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2026 and the auditor's report thereon.

Directors

The directors of the Company during or since the end of the financial year are:

Catherine Ann Aston, Chair
Brian Vincent Bissaker
Peter John Fitzgerald
Jann Angela Gardner
Christine Stewart Traquair
Harry Walter Wendt
Christopher Michael Whitehead

All of the directors are independent directors.

The particulars of the qualifications, experience and special responsibilities of each director holding office at any time during the year are set out on pages 4 to 5 of this report.

At the annual general meeting of the Company on 27th October 2026, Mr BV Bissaker, Ms CS Traquair and Dr HW Wendt will retire in accordance with the constitution of the Company and, being eligible, offer themselves for re-appointment. Mr Fitzgerald will retire from the Board shortly before the 2026 Annual General Meeting. The succession planning processes to appoint a director to fill the casual vacancy arising are currently in progress.

Company Secretary

Ms Lauren Wise (BA LLB Grad Dip. Legal Practice) was appointed to the position of Company Secretary in 2007.

Principal activities

The principal activities of the Group during the financial year were the provision to members of banking services, including home and personal lending, savings and transaction accounts, term deposits, business banking and arrangement of financial planning and insurance and travel products.

There has been no significant change in the nature of these activities during the year ended 30 June 2026.

Operating and financial review

Consolidated profit after tax for the year attributable to members was $40.1 million (2025: $38.1 million), an increase of $2.0 million or 5.1% on 2025, primarily due to balance sheet growth.

Total deposits increased to $7,499 million, up by $372 million or 5.2% on the previous year due to an increase in retail deposits. Retail deposits increased by $468 million or 7.5%.

Loan approvals of $2,378 million were $286 million or 13.7% higher than the prior year (2025: $2,092 million). Total loans and advances to customers increased by 9.8% or $678 million to $7,598 million.

Net interest income for the year was $199.2 million, an increase of $12.7 million, or 6.8% on the previous year. This increase was predominantly due to an increase in total assets by 11.7%, or $988 million, to $9,456 million (2025: $8,468 million).

Non-interest income for the year increased by $0.2 million, or 1.9%, to $10.3 million, mainly due to an increase in commission income.

Non-interest expense for the year increased by $9.3 million, or 6.6%, to $150.0 million (2025: $140.8 million). This was due to an increase in personnel expense and marketing expense.

The non-interest expense to operating income ratio increased marginally from 72.1% in 2025 to 72.3% in 2026.

Dividends

Dividends paid or declared on ordinary shares by the Company to shareholders since the end of the previous financial year were:

- A final ordinary dividend of $0.115 per share amounting to $2.773 million franked to 100% at a tax rate of 30%, declared on 27 August 2025, in respect of the year ended 30 June 2025, paid on 3 September 2025.
- An interim dividend of $0.095 per share amounting to $2.030 million franked to 100% at a tax rate of 30%, declared on 4 February 2026, in respect of the year ended 30 June 2026, paid on 11 February 2026.
- A final ordinary dividend of $0.12 per share amounting to $2.565 million franked to 100% at a tax rate of 30%, declared on 26 August 2026, in respect of the year ended 30 June 2026, payable at the close of trade on 2 September 2026.

Total dividends paid or declared in respect of the year ended 30 June 2026 were $0.215 per share (2025: dividend of $0.205) amounting to $4.595 million (2025: $4.943 million).

Events subsequent to reporting date

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

No other matters, circumstances or likely developments in the operations have arisen since the end of the financial year that have significantly affected or may significantly affect:

(i) The operations of the Group;

(ii) The results of those operations; or

(iii) The state of affairs of the Group,

in the financial years subsequent to this financial year.

State of affairs

Details of any significant changes in the state of affairs of the Group are disclosed in the Chair's and Chief Executive's Report on pages 1 to 3 of this report.

Directors' interests

The relevant interests of each director in the share capital of the Company are:

Director	Holding at 26 August 2026
Ms CA Aston	-
Mr BV Bissaker	-
Mr PJ Fitzgerald	2,000
Ms JA Gardner	-
Ms CS Traquair	-
Mr HW Wendt	-
Mr CM Whitehead	-

The Constitution of the Group includes specific eligibility requirements to qualify as a director that relate to minimum holdings of share capital of, or deposits with, the Company. All directors have satisfied these eligibility requirements.

Directors' and officers' indemnification and insurance

Indemnification

Every director and executive officer of the Company and its controlled entities is indemnified out of the property of the Company against any liability which the director or executive officer may incur while acting as a director or executive officer.

Insurance premium

During the year, the Company paid a premium in respect of a contract insuring the current and former directors and executive officers of the Company and its controlled entities against certain liabilities that may be incurred in discharging their duties as directors and executive officers. The contract of insurance prohibits the disclosure of the nature of the liabilities insured and premium payable.

Non-audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

– All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor.

– The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out in Note 29.

Corporate Governance Statement is online

IMB Bank complies with its constitution, the *Corporations Act 2001* (Cth), and has regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles), which is reflected in our Corporate Governance Statement.

As an APRA-regulated entity, IMB Bank also complies with the governance requirements prescribed by APRA under Prudential Standard CPS 510 Governance. Information about IMB Bank's Board and management, corporate governance policies and practices and Enterprise Risk Management Framework can be found in the Corporate Governance Statement available at: www.imb.com.au/about-corporate.html

Lead Auditor's independence declaration under Section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the financial year ended 30 June 2026.

Meetings of directors

The following table sets out the number of meetings of the Company and its wholly owned subsidiaries held by the directors during the year ended 30 June 2026 and the number of meetings attended by each director.

	IMB Ltd		IMB Securitisation Services Pty Ltd		IMB Bank Community Foundation Pty Ltd	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Ms CA Aston	8	8	3	3	2	2
Mr BV Bissaker	8	8	3	3	2	2
Mr PJ Fitzgerald	8	8	3	3	2	2
Ms JA Gardner	8	8	3	3	2	2
Ms CS Traquair	8	8	3	3	2	2
Mr HW Wendt	8	8	3	3	2	2
Mr CM Whitehead	8	8	3	3	2	2

The following table sets out the number of committee meetings of the Company's directors held during the year ended 30 June 2026 and the number of meetings attended by each director.

	Audit		Risk Management		People and Culture		IMB Bank Community Foundation		Capital and Securitisation		ESG	
	Attended	Eligible to attend#	Attended	Eligible to attend#	Attended	Eligible to attend#	Attended	Eligible to attend#	Attended	Eligible to attend#	Attended	Eligible to attend#
Ms CA Aston	*2	-	*2	-	4	4	-	-	3	3	-	-
Mr BV Bissaker	*2	-	*1	-	*1	-	3	3	3	3	3	3
Mr PJ Fitzgerald	4	4	-	-	4	4	-	-	-	-	*1	-
Ms JA Gardner	*2	-	-	-	-	-	3	3	3	3	3	3
Ms CS Traquair	4	4	4	4	-	-	-	-	*1	-	-	-
Mr HW Wendt	*2	-	4	4	4	4	-	-	-	-	3	3
Mr CM Whitehead	4	4	4	4	-	-	-	-	-	-	-	-

Number of meetings eligible to attend in a formal capacity as a committee member.

* Includes meetings attended as an observer, not in the capacity as a committee member.

Rounding of amounts

The Company is of a kind referred to in ASIC Instrument 2026/183 dated 24 March 2026 and in accordance with that Class Order, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Wollongong this 26th day of August 2026.

Signed in accordance with a resolution of the directors:

CA Aston
Chair

PJ Fitzgerald
Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IMB Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial report of IMB Ltd for the financial year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Brendan Twining

Partner

Sydney

26 August 2026

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Statements of profit or loss

FOR THE YEAR ENDED 30 JUNE 2026

		Consolidated		Company	
		2026	2025	**2026**	2025
	Note	**$000**	$000	**$000**	$000
Interest revenue	2	**474,508**	459,826	**557,600**	550,052
Interest expense	2	**(275,326)**	(273,356)	**(358,418)**	(363,582)
Net interest income		**199,182**	186,470	**199,182**	186,470
Fee and commission income	2	**9,501**	9,179	**9,501**	9,179
Fee and commission expense	2	**(406)**	(398)	**(406)**	(398)
Net fee and commission income		**9,095**	8,781	**9,095**	8,781
Other income	2	**1,236**	1,360	**475**	675
Net operating income		**209,513**	196,611	**208,752**	195,926
Impairment losses on financial instruments	3	**(2,128)**	(1,300)	**(2,128)**	(1,300)
Operating expenses	3	**(150,016)**	(140,765)	**(149,970)**	(140,697)
Profit before tax		**57,369**	54,546	**56,654**	53,929
Income tax expense	4	**(17,278)**	(16,410)	**(17,064)**	(16,225)
Profit for the year attributable to members of the Company		**40,091**	38,136	**39,590**	37,704

The statements of profit or loss are to be read in conjunction with the notes to the financial statements set out on pages 19 to 78.

Statements of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2026

	Consolidated		Company	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Profit for the year	**40,091**	38,136	**39,590**	37,704
Other comprehensive (expense)/income				
Items that will never be reclassified to profit or loss:				
Remeasurement of defined benefit liability	**187**	166	**187**	166
Net change in fair value of other financial assets at FVOCI	**457**	155	**457**	155
Total items that will never be reclassified to profit or loss	**644**	321	**644**	321
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of investment debt securities at FVOCI	**452**	6,073	**452**	6,073
Net change in fair value of cash flow hedges	**(1,663)**	2,263	**(1,663)**	2,263
Net change in fair value of investment debt securities at FVOCI transferred to profit and loss	**(251)**	(37)	**(251)**	(37)
Total items that may be reclassified subsequently to profit or loss	**(1,462)**	8,299	**(1,462)**	8,299
Total other comprehensive (expense)/income for the year, net of income tax	**(818)**	8,620	**(818)**	8,620
Total comprehensive income for the year	**39,273**	46,756	**38,772**	46,324

Amounts are stated net of tax.

The statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 19 to 78.

Statements of financial position

AS AT 30 JUNE 2026

		Consolidated			Company
		2026	2025	**2026**	2025
	Note	**$000**	$000	**$000**	$000
ASSETS					
Cash and cash equivalents	26	**216,902**	123,997	**145,345**	69,249
Investment in debt securities	6	**1,337,459**	1,238,906	**3,032,663**	2,919,095
Deposits with other ADIs	7	**197,067**	65,479	**197,067**	65,479
Loans and advances to customers	8	**7,597,678**	6,919,330	**7,597,678**	6,919,330
Other investments	9	**-**	1,069	**2**	1,071
Other assets	14	**12,779**	18,842	**55,248**	56,292
Derivative assets	11	**-**	718	**-**	718
Property, plant and equipment	12	**80,663**	86,719	**80,663**	86,719
Net deferred tax assets	4	**8,105**	6,181	**8,105**	6,181
Intangible assets	13	**5,015**	6,846	**5,015**	6,846
Total assets		**9,455,668**	8,468,087	**11,121,786**	10,130,980
LIABILITIES					
Trade and other payables	15	**89,016**	48,168	**59,460**	31,130
Deposits	16	**7,498,988**	7,127,065	**7,505,369**	7,132,744
Securitised loans funding	17	**1,145,791**	551,130	**2,840,145**	2,229,942
Interest-bearing liabilities	18	**111,145**	161,407	**111,145**	161,407
Derivative liabilities	11	**1,657**	-	**1,657**	-
Current tax liabilities	4	**9,793**	9,354	**9,793**	9,354
Provisions	19	**16,556**	15,132	**16,556**	15,132
Total liabilities		**8,872,946**	7,912,256	**10,544,125**	9,579,709
Net assets		**582,722**	555,831	**577,661**	551,271
EQUITY					
Share capital	20	**25,121**	28,324	**25,121**	28,324
Reserves		**78,447**	77,823	**78,447**	77,823
Retained earnings		**479,154**	449,684	**474,093**	445,124
Total equity attributable to members of the Company		**582,722**	555,831	**577,661**	551,271

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 19 to 78.

Statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
CASH FLOWS USED IN OPERATING ACTIVITIES					
Interest received		**473,162**	459,948	**556,254**	550,174
Other cash receipts in the course of operations		**17,364**	32,434	**11,586**	35,139
Interest paid on deposits		**(277,155)**	(281,336)	**(360,239)**	(371,548)
Income taxes paid		**(18,763)**	(7,146)	**(18,549)**	(6,961)
Net loans funded		**(680,477)**	(429,953)	**(680,477)**	(429,952)
Net increase in deposits		**374,195**	312,776	**374,897**	313,390
Other cash payments in the course of operations		**(93,992)**	(140,126)	**(106,473)**	(138,293)
Net cash flows (used in) operating activities	26	**(205,666)**	(53,403)	**(223,001)**	(48,051)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net payments for investment in debt securities and deposits with other ADIs		**(226,435)**	(41,793)	**(241,450)**	(50,549)
Payments for property, plant and equipment, and intangibles		**(4,657)**	(4,610)	**(4,657)**	(4,610)
Proceeds from sale of property, plant and equipment		**423**	426	**423**	426
Net cash flows (used in) investing activities		**(230,669)**	(45,977)	**(245,684)**	(54,733)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of securitised loans		**(646,074)**	(577,226)	**(630,533)**	(568,688)
Proceeds from securitised loans funding		**1,240,736**	582,727	**1,240,736**	582,727
Repayments of interest-bearing liabilities		**(534,256)**	(516,019)	**(534,256)**	(516,019)
Proceeds from interest-bearing liabilities		**488,632**	566,128	**488,632**	566,128
Repayments of lease liabilities	18	**(7,416)**	(7,272)	**(7,416)**	(7,272)
Dividends paid	5	**(4,803)**	(4,460)	**(4,803)**	(4,460)
Own shares acquired	20	**(7,579)**	(72)	**(7,579)**	(72)
Net cash flows from financing activities		**529,240**	43,806	**544,781**	52,344
Net increase/(decrease) in cash and cash equivalents held		**92,905**	(55,574)	**76,096**	(50,440)
Cash and cash equivalents at the beginning of the year		**123,997**	179,571	**69,249**	119,689
Cash and cash equivalents at the end of the year	26	**216,902**	123,997	**145,345**	69,249

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 19 to 78.

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2026

Consolidated $000	Share capital	Fair value reserve	Cash flow hedge reserve	General reserve for credit losses	General reserve	Transfer of business reserve	Retained earnings	Total equity
Balance at 1 July 2024	28,324	(708)	(1,760)	8,014	25,255	37,560	416,922	513,607
Total comprehensive income for the year								
Profit after tax	-	-	-	-	-	-	38,136	38,136
Other comprehensive income								
Remeasurement of defined benefit liability	-	-	-	-	-	-	166	166
Net revaluation movement due to change in fair value	-	6,228	2,263	-	-	-	-	8,491
Investment debt securities at FVOCI reclassified to profit or loss	-	(37)	-	-	-	-	-	(37)
Total other comprehensive income	-	6,191	2,263	-	-	-	166	8,620
Total comprehensive income for the year	-	6,191	2,263	-	-	-	38,302	46,756
Transfer from retained earnings	-	-	-	1,008	-	-	(1,008)	-
Transactions with owners, recorded in equity								
Dividends to shareholder members	-	-	-	-	-	-	(4,460)	(4,460)
Own shares acquired	-	-	-	-	-	-	(72)	(72)
Balance at 30 June 2025	28,324	5,483	503	9,022	25,255	37,560	449,684	555,831
Balance at 1 July 2025	**28,324**	**5,483**	**503**	**9,022**	**25,255**	**37,560**	**449,684**	**555,831**
Total comprehensive income for the year								
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**40,091**	**40,091**
Other comprehensive income								
Remeasurement of defined benefit liability	**-**	**-**	**-**	**-**	**-**	**-**	**187**	**187**
Net revaluation movement due to change in fair value	**-**	**909**	**(1,663)**	**-**	**-**	**-**	**-**	**(754)**
Investment debt securities at FVOCI reclassified to profit or loss	**-**	**(251)**	**-**	**-**	**-**	**-**	**-**	**(251)**
Total other comprehensive (expense)/income	**-**	**658**	**(1,663)**	**-**	**-**	**-**	**187**	**(818)**
Total comprehensive income for the year	**-**	**658**	**(1,663)**	**-**	**-**	**-**	**40,278**	**39,273**
Transfer from retained earnings	**-**	**(854)**	**-**	**2,483**	**-**	**-**	**(1,629)**	**-**
Transactions with owners, recorded in equity								
Dividends to shareholder members	**-**	**-**	**-**	**-**	**-**	**-**	**(4,803)**	**(4,803)**
Own shares acquired	**(3,203)**	**-**	**-**	**-**	**-**	**-**	**(4,376)**	**(7,579)**
Balance at 30 June 2026	**25,121**	**5,287**	**(1,160)**	**11,505**	**25,255**	**37,560**	**479,154**	**582,722**

Amounts are stated net of tax.

Refer to Note 20 for details on each of the reserves. *The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 19 to 78.*

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2026

Company $000	Share capital	Fair value reserve	Cash flow hedge reserve	General reserve for credit losses	General reserve	Transfer of business reserve	Retained earnings	Total equity
Balance at 1 July 2024	28,324	(708)	(1,760)	8,014	25,255	37,560	412,794	509,479
Total comprehensive income for the year								
Profit after tax	-	-	-	-	-	-	37,704	37,704
Other comprehensive income								
Remeasurement of defined benefit liability	-	-	-	-	-	-	166	166
Net revaluation movement due to change in fair value	-	6,228	2,263	-	-	-	-	8,491
Investment debt securities at FVOCI reclassified to profit or loss	-	(37)	-	-	-	-	-	(37)
Total other comprehensive income	-	6,191	2,263	-	-	-	166	8,620
Total comprehensive income for the year	-	6,191	2,263	-	-	-	37,870	46,324
Transfer from retained earnings	-	-	-	1,008	-	-	(1,008)	-
Transactions with owners, recorded in equity								
Dividends to shareholder members	-	-	-	-	-	-	(4,460)	(4,460)
Own shares acquired	-	-	-	-	-	-	(72)	(72)
Balance at 30 June 2025	28,324	5,483	503	9,022	25,255	37,560	445,124	551,271
Balance at 1 July 2025	**28,324**	**5,483**	**503**	**9,022**	**25,255**	**37,560**	**445,124**	**551,271**
Total comprehensive income for the year								
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**39,590**	**39,590**
Other comprehensive income								
Remeasurement of defined benefit liability	**-**	**-**	**-**	**-**	**-**	**-**	**187**	**187**
Net revaluation movement due to change in fair value	**-**	**909**	**(1,663)**	**-**	**-**	**-**	**-**	**(754)**
Investment debt securities at FVOCI reclassified to profit or loss	**-**	**(251)**	**-**	**-**	**-**	**-**	**-**	**(251)**
Total other comprehensive (expense)/income	**-**	**658**	**(1,663)**	**-**	**-**	**-**	**187**	**(818)**
Total comprehensive income for the year	**-**	**658**	**(1,663)**	**-**	**-**	**-**	**39,777**	**38,772**
Transfer from retained earnings	**-**	**(854)**	**-**	**2,483**	**-**	**-**	**(1,629)**	**-**
Transactions with owners, recorded in equity								
Dividends to shareholder members	**-**	**-**	**-**	**-**	**-**	**-**	**(4,803)**	**(4,803)**
Own shares acquired	**(3,203)**	**-**	**-**	**-**	**-**	**-**	**(4,376)**	**(7,579)**
Balance at 30 June 2026	**25,121**	**5,287**	**(1,160)**	**11,505**	**25,255**	**37,560**	**474,093**	**577,661**

Amounts are stated net of tax.

Refer to Note 20 for details on each of the reserves. *The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 19 to 78.*

1 Material accounting policies

(a) Reporting entity

IMB Ltd (the Company) is a company domiciled in Australia.

The address of the Company's registered office is 47 Burelli Street, Wollongong NSW. The consolidated financial statements of the Company as at and for the year ended 30 June 2026 comprises the Company and its subsidiaries (together referred to as the Group).

The Group is a for-profit entity primarily involved in the provision of banking services, including home and personal lending, savings and transaction accounts, term deposits and business banking.

(b) Basis of preparation

(i) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. This financial report complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements are prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Group.

The Group has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated.

This financial report was authorised for issue by the directors on 26 August 2026.

(ii) Basis of measurement

This financial report was prepared on the historical cost basis, except for investment debt securities, equity investments and derivative instruments that are stated at their fair value.

(iii) Functional and presentation currency

This financial report is presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 and in accordance with that instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Loan impairment (Notes 1(i) and 10).
- Consolidation of special purpose entities (Notes 1(c) and 25).
- Valuation of financial instruments (Notes 1(b)(v), 1(h), 6, and 9).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Loan impairment (Notes 1(i) and 10);
- Measurement of fair values (Notes 1(b)(v), 1(h) and 30).

(v) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

1 Material accounting policies (continued)

b) Basis of preparation (continued)

(v) Measurement of fair values (continued)

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not observable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(c) Basis of consolidation

(i) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company’s financial statements, investments in subsidiaries are carried at cost.

(iii) Special purpose entities (SPEs)

The Group has securitised certain mortgage loans by the transfer of the loans to special purpose entities (SPEs) controlled by the Group. The securitisation enables a subsequent issuance of debt by the SPEs to investors who gain security of the underlying assets as collateral. Those SPEs are fully consolidated into the Group’s accounts.

The transfer of mortgage loans to the SPEs are not treated as a sale by the Company. The Company continues to recognise the mortgage loans on its own balance sheet after the transfer because it retains their risks and rewards through the receipt of substantially all of the profits or losses of the SPEs. In the accounts of the Company the proceeds from the transfer are accounted for as an imputed loan repayable to the SPEs.

The Group has also entered into self-issuances of debt to be used as collateral for repurchase (‘repo’) transactions. Investments in self-issued debt and the related obligation, together with the related income, expenditure and cash flows, are not recognised in the Group’s financial statements.

To manage interest rate risk, the Company enters into derivative transactions with the SPEs, receiving a rate of interest based on the securitised mortgages and paying a rate inherent in the debt issuances. These internal derivatives are treated as part of the imputed loan and are not separately fair valued because the relevant mortgages have not been derecognised.

(iv) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the

1 Material accounting policies (continued)

(c) Basis of consolidation (continued)

(iv) Business combinations (continued)

identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(d) Revenue and expense recognition

(i) Net interest income

Interest income and expense is recognised using the effective interest rate (EIR) method for financial assets and financial liabilities carried at amortised cost or investment debt securities classified as at FVOCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Fees and transaction costs that are integral to the lending arrangement are recognised in the income statement over the expected life of the instrument in accordance with the EIR method.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the remeasurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of EIR does not include expected credit losses (ECL). Interest income that is classified as credit impaired is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying amount after deducting the impairment loss).

(ii) Fees and commission income

Fees and commission income include fees other than those that are an integral part of EIR.

Fee income relating to deposit or loan accounts is either:

- transaction-based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- related to performance obligations carried out over a period of time therefore recognised on a systematic basis over the life of the agreement as the services are provided.

Transaction fees and provision of services are defined within product terms and conditions.

Commission income, predominantly in relation to insurance protection products, is recognised when the performance obligation is satisfied and only at the point that the income is highly probable and not expected to be reversed in future periods.

(iii) Dividend income

Dividends and distributions from controlled entities are brought to account in profit or loss when they are declared. Dividends and distributions from other parties are brought to account in profit or loss when the right to receive income is established.

(iv) Expenses

Expenses are recognised in the income statement as and when the provision of goods and services is received.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the asset or as a separate expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1 Material accounting policies (continued)

(f) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to shareholders.

(i) Tax consolidation

The Company is the head entity in a tax consolidated group comprising the Company and all its wholly-owned subsidiaries. Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the ‘group allocation’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised by the Company as amounts payable (receivable) to (from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

The head entity recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. Any subsequent year adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

The head entity, in conjunction with other members of the tax consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements require payments to/(from) the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-company receivable/(payable) equal in amount to the tax liability/(asset) assumed.

The inter-company receivables/(payables) are at call. Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity’s obligation to make payments for tax liabilities to the relevant tax authorities. The head entity in conjunction with other members of the tax consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(g) Dividends payable

Dividends on ordinary shares are recognised as a liability in the year in which they are declared.

1 Material accounting policies (continued)

(h) Financial assets

(i) Classification and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value adjusted by directly attributable transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. For the purposes of subsequent measurement, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include cash and cash equivalents, deposits with other ADIs, loans and advances to customers and other assets.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI include investment debt securities and equity investments.

In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent to initial recognition the following measurement principles and recognition of gains and losses are applied as follows:

- Financial assets at amortised cost are measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Investment debt securities at FVOCI are measured at fair value. Interest income calculated using the effective interest rate method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI are measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(ii) Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets.
- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed.
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

1 Material accounting policies (continued)

(h) Financial assets (continued)

(ii) Business Model Assessment (continued)

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

(iii) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Securities sold under repurchase agreements

Securities sold under an agreement to repurchase are not derecognised from the statements of financial position and an associated liability is recognised for the consideration received.

(i) Impairment

Financial assets within the scope of AASB 9 ECL requirements comprise all financial debt instruments measured at either amortised cost or FVOCI. These include cash, deposits with other ADIs, investment debt securities and loans and advances to customers.

Financial assets are divided into homogeneous portfolios based on shared risk characteristics. These include on-balance sheet mortgage loans, commercial loans, personal loans and revolving credit and off-balance sheet undrawn loan commitments.

For investment debt securities and deposits with other ADIs, the Group has applied the AASB 9 'low credit risk' exemption given their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument.

A cash shortfall is the difference between the cash flows due in accordance with the contractual terms of the instrument and the cash flows the Group expects to receive.

The allowance for ECLs is based on an assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes. ECLs are calculated from initial recognition of the financial asset for the contractual life of the loan.

For financial assets recognised in the balance sheet at amortised cost, the allowance for ECLs is offset against the gross carrying value so that the amount presented in the statements of financial position is net of impairment provisions.

For financial assets classified as FVOCI, any credit losses are recognised in the fair value reserve.

(i) Forward-looking economic inputs

ECLs are calculated by reference to information on past events, current conditions and forecasts of future economic conditions. Multiple economic scenarios are incorporated into ECL calculation models. These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. To capture any non-linear relationship between economic assumptions and credit losses, three scenarios are used.

This includes a central scenario which reflects the Group's view of the most likely future economic conditions, together with an upside and a downside scenario representing alternative plausible views of economic conditions, weighted based on management's view of their probability.

The economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation are outlined in Note 10.

1 Material accounting policies (continued)

(i) Impairment (continued)

(ii) Credit risk categorisation

For the purpose of calculating ECLs, assets are categorised into 3 'stages' as follows:

Stage 1: no significant increase in credit risk since initial recognition

On initial recognition, and for financial assets where there has not been a significant increase in credit risk since the date of advance, provision is made for losses from credit default events expected to occur within the next 12 months. Expected credit losses for these stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset.

Stage 2: significant increase in credit risk (SICR)

Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group uses the criteria of 30 days past due for all portfolios except for unsecured revolving credit, which uses 15 days past due as one of the criteria to identify whether there has been a SICR. Other SICR triggers include loans being placed on a watchlist due to events such as hardship application, restructured loans, vulnerable customers, or loans with other active arrangements.

Stage 3: credit-impaired (or defaulted) loans

Financial assets are transferred into stage 3 when there is objective evidence that an instrument is credit-impaired. Provisions for stage 3 assets are made on the basis of credit default events expected to occur over the lifetime of the instrument. Assets are considered credit-impaired when:

- significant financial difficulty of the borrower or issuer occurs;
- there is a breach of contract as a result of a default or past due event;
- there is restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- there is disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition is different.

Interest income on stage 3 credit-impaired loans is recognised in the income statement on the loan balance net of the ECL provision. The balance sheet value of stage 3 loans reflects the contractual terms of the assets and continues to increase over time with the contractually accrued interest unless it is considered the loan will not be repaid in full.

Transfers between stages

Transfers from stage 1 to 2 occur when there has been a significant increase in credit risk and from stage 2 to 3 when credit impairment is indicated as described above. For assets in stage 2 or 3, loans can transfer back to stage 1 or 2 once the criteria for a significant increase in credit risk or impairment are no longer met.

(iii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in the derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the effective interest rate method of the existing financial asset.

(iv) Write-off

Loans remain on the statements of financial position, net of associated provisions, until they are deemed to have no reasonable expectation of recovery. Loans are generally written off after realisation of any proceeds

1 Material accounting policies (continued)

(i) Impairment (continued)

from collateral and upon conclusion of the collections process, including consideration of whether an account has reached a point where continuing attempts to recover are no longer likely to be successful.

Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the value of impairment losses recorded in the income statement.

(v) *General reserve for credit losses*

Under the Group's provisioning policy a general reserve for credit losses is also held as an additional allowance for impairment losses.

(vi) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see Note 1(f)), are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of other non-financial assets is the greater of their 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Derivatives

The risk being hedged in a cash flow hedge is the potential variability in future cash flows that may affect profit or loss. The Group uses interest rate swaps to hedge its exposure to interest rate risks arising from operating, financing and investing activities. In accordance with its interest rate risk Management Policy, the Group does not hold or issue derivative financial instruments for trading purposes.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the year for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below. The fair value of derivative financial instruments is determined by reference to market rates for similar instruments.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the cashflow hedge reserve. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same year as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a

1 Material accounting policies (continued)

(j) Derivatives (continued)

forecast transaction the cumulative amount recognised in other comprehensive income from the year when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to profit or loss. In other cases, the amount recognised in other income is transferred to the income statement in the same year that the hedge item affects profit or loss.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (see Note 1(i)(vi)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives in the current and comparative years are as follows:

- Buildings 40 years
- Leasehold improvements up to 7 years
- Plant and equipment 3 – 15 years.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually and adjusted if appropriate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

(i) As a lessee

The Group recognises a right of use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurement of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the

1 Material accounting policies (continued)

(l) Leases (continued)

lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

The Group presents right of use assets in property, plant and equipment and lease liabilities in interest-bearing liabilities in the statement of financial position.

(ii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Intangibles

Computer software

Where computer software costs are not integrally related to associated hardware, the Group recognises them as an intangible asset where they are clearly identifiable, can be reliably measured and it is probable they will lead to future economic benefits that the Group controls. The Group carries capitalised computer software assets at cost less accumulated amortisation and any accumulated impairment losses. These assets are amortised over the estimated useful lives of the computer software (being between 3 and 5 years) on a straight-line basis. Computer software maintenance costs are expensed as incurred. Any impairment loss is recognised in the profit or loss when incurred. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software as a service (SaaS) arrangement

SaaS arrangements are service contracts providing the Group with the right to access a cloud provider's application service software over the contractual period. The Group does not receive an intangible asset at the contract commencement date. Fees for the use of application software and customisation costs are recognised as an operating expense over the term of the service contract. Any configuration costs, data conversion and migration costs, testing costs and training costs are recognised as an operating expense as the service is received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

(n) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or Group. Payables are stated at cost and are normally settled within 30 days.

(o) Deposits

Deposits are the Group's primary source of debt funding. Deposits are initially recorded at fair value plus any directly attributable transaction costs and subsequently measured at their amortised cost using the effective interest method.

(p) Interest-bearing liabilities

Interest-bearing liabilities are initially recorded at fair value less directly attributable transaction costs and subsequently measured at their amortised cost using the effective interest method.

(q) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations including annual leave are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(iii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using a risk-free interest rate and deducting the fair value of any plan assets.

1 Material accounting policies (continued)

(q) Employee benefits (continued)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(v) Other long term employee benefits

The Group's net obligation in respect of the long-term employee benefits including long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted using a high-quality corporate bond rate to determine its present value.

(r) Provision for make good costs

The provision for make good costs represents the present value of the estimated future cash outflows to be made by the Company arising from its obligations as a lessee should the relevant lease not be renewed.

The provision is calculated using estimated costs required to return leased premises to the condition in which they were initially provided, by using the Company's cost of capital as at reporting date.
The expected timing of the outflows is dependent upon whether the relevant lease is renewed. **s) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Where ordinary shares are repurchased, the amount of consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

(t) Cash and cash equivalents

Cash and cash equivalents comprise notes and coins on hand and deposits at call with authorised deposit-taking institutions (ADIs) and are stated at the gross value of the outstanding balance. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

(u) New standards and interpretations not yet adopted
A number of new accounting standards are effective for annual periods beginning after 1 July 2026 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

(i) IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 will replace AASB 101 *Presentation of Financial Statement*s and applies for annual reporting periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

1 Material accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the new standard.

(ii) Amendments to AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosure

In August 2024, the International Accounting Standards Board (IASB) issued AASB 2024-2 to amend *AASB 7 Financial Instruments: Disclosures* (AASB 7) and *AASB 9 Financial Instruments* (AASB 9). AASB 2024-2 amends AASB 7 and AASB 9 in response to feedback from the International Accounting Standard Board's 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and the related requirements in AASB 7.

The IASB has also amended AASB 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.

The amendments are effective for reporting periods beginning on or after 1 January 2026, with earlier application permitted. An entity is required to apply the amendments retrospectively. The Group is continuing to assess the full impact of the amendments to AASB 7 and AASB 9.

2 Operating income	Note	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Interest revenue calculated using the effective interest rate method					
Financial assets measured at amortised cost:					
Cash and cash equivalents		**4,519**	3,514	**4,519**	3,514
Deposits with other ADIs		**3,319**	3,454	**3,319**	3,454
Loans and advances to customers		**409,285**	389,758	**409,285**	389,758
Financial assets measured at FVOCI:					
Investment debt securities		**57,385**	63,100	**140,477**	153,326
		474,508	459,826	**557,600**	550,052
Interest expense					
Deposits		**225,499**	233,893	**225,499**	233,893
Securitised loans funding		**42,755**	32,815	**125,847**	123,042
Interest-bearing liabilities		**7,064**	6,633	**7,064**	6,633
Other interest expense		**8**	15	**8**	14
		275,326	273,356	**358,418**	363,582
Net interest income		**199,182**	186,470	**199,182**	186,470
Fee and commission income					
Loan switch and breakout fees		**180**	103	**180**	103
Transaction fees		**5,471**	5,555	**5,471**	5,555
Payment system fees		**2,605**	2,527	**2,605**	2,527
Commissions		**1,245**	994	**1,245**	994
		9,501	9,179	**9,501**	9,179
Fee and commission expense					
Bank fees		**90**	94	**90**	94
Commission		**316**	304	**316**	304
		406	398	**406**	398
Net fee and commission income from contracts with customers		**9,095**	8,781	**9,095**	8,781
Other income					
Impairment losses recovered		**215**	299	**215**	299
Profit from sale of plant and equipment		**-**	-	**-**	-
Rental income		**64**	72	**64**	72
Securitisation services income		**761**	685	**-**	-
Other		**196**	304	**196**	304
		1,236	1,360	**475**	675
Net operating income		**209,513**	196,611	**208,752**	195,926

3 Expenses	Note	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Impairment losses on financial instruments					
Impairment charge	10	**1,849**	937	**1,849**	937
Release of impairment on losses written off directly		**(162)**	(116)	**(162)**	(116)
Impairment losses written off directly		**441**	479	**441**	479
Total impairment losses on financial instruments		**2,128**	1,300	**2,128**	1,300
Personnel expense					
Salaries		**69,358**	62,964	**69,358**	62,964
Payroll tax		**4,674**	3,683	**4,674**	3,683
Fringe benefits tax		**828**	797	**828**	797
Superannuation		**9,312**	7,801	**9,312**	7,801
		84,172	75,245	**84,172**	75,245
Occupancy expense					
Repairs and maintenance		**1,112**	1,560	**1,112**	1,560
Expenses on leases of short-term and low-value assets		**922**	758	**922**	758
Other		**4,117**	3,730	**4,117**	3,730
		6,151	6,048	**6,151**	6,048
Payment system expense		**6,110**	5,776	**6,110**	5,776
Marketing expense		**9,742**	9,324	**9,742**	9,324
Data processing expense		**13,650**	13,299	**13,650**	13,299
Postage and printing expense		**2,603**	2,489	**2,603**	2,489
Contributions to IMB Community Foundation		**750**	750	**750**	750
Goods and services tax not recovered		**4,041**	3,768	**4,041**	3,768
Sundry expenses					
Depreciation and amortisation					
- plant and equipment		**3,139**	3,427	**3,139**	3,427
- buildings		**1,386**	1,384	**1,386**	1,384
- intangibles		**2,928**	3,258	**2,928**	3,258
- leased properties		**6,978**	6,890	**6,978**	6,890
Legal and consulting		**4,211**	4,707	**4,211**	4,707
Loss from sale of plant and equipment		**16**	148	**16**	148
Other		**4,139**	4,252	**4,093**	4,184
		22,797	24,066	**22,751**	23,998
Total operating expenses		**150,016**	140,765	**149,970**	140,697

4 Taxation	***Note***	**Consolidated 2026 $000**	**Consolidated 2025 $000**	**Company 2026 $000**	**Company 2025 $000**
a) Income tax expense					
Current tax expense					
- current year		**18,436**	17,639	**18,222**	17,454
- adjustment for prior years		**6**	(3)	**6**	(3)
		18,442	17,636	**18,228**	17,451
Deferred tax expense					
- origination and reversal of temporary differences		**(1,164)**	(1,226)	**(1,164)**	(1,226)
Total income tax expense		**17,278**	16,410	**17,064**	16,225
Reconciliation between income tax expense and profit before tax					
Profit before tax		**57,369**	54,546	**56,654**	53,929
Prima facie income tax expense at 30% on operating profit		**17,211**	16,364	**16,996**	16,179
Increase in income tax expense due to:					
- income tax under provided in prior year		**6**	-	**6**	-
- depreciation of buildings		**29**	28	**29**	28
- non-deductible entertainment		**44**	34	**44**	34
- other		**-**	-	**-**	-
Decrease in income tax expense due to:					
- income tax over provided in prior year		**-**	(3)	**-**	(3)
- other deductible expenses		**(12)**	(13)	**(11)**	(13)
Income tax expense		**17,278**	16,410	**17,064**	16,225
Income tax recognised directly in other comprehensive income					
Relating to defined benefit fund		**80**	71	**80**	71
Relating to equity investments		**(169)**	67	**(169)**	67
Relating to investment debt securities		**85**	2,587	**85**	2,587
Relating to derivative liabilities		**(713)**	970	**(713)**	970
		(717)	3,695	**(717)**	3,695

b) Current tax liabilities

The current tax liability for the Group of $9,793,000 (2025: $9,354,000) and for the Company of $9,793,000 (2025: $9,354,000) represents the amount of income taxes payable in respect of current and prior financial years due to the relevant tax authority. In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax consolidated group has assumed the current tax liability initially recognised by the members in the tax consolidated group.

4 Taxation (continued)	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Deferred tax assets/(liabilities)				
Deferred tax assets and liabilities are attributable to the following:				
- Provisions and accrued expenses	**5,814**	5,189	**5,814**	5,189
- Employee benefits	**5,085**	4,770	**5,085**	4,770
- Lease liabilities	**3,284**	4,675	**3,284**	4,675
- Derivative liabilities	**497**	-	**497**	-
- Consulting and legal fees	**50**	18	**50**	18
Total deferred tax assets	**14,730**	14,652	**14,730**	14,652
- Investment debt securities	**(2,266)**	(2,181)	**(2,266)**	(2,181)
- Land and buildings	**(664)**	(702)	**(664)**	(702)
- Right of use assets	**(3,237)**	(4,642)	**(3,237)**	(4,642)
- Derivative assets	**-**	(215)	**-**	(215)
- Defined benefit fund	**(295)**	(425)	**(295)**	(425)
- Equity investments	**(1)**	(169)	**(1)**	(169)
- Property, plant and equipment	**(91)**	(95)	**(91)**	(95)
- Deferred expenditure	**(71)**	(42)	**(71)**	(42)
Total deferred tax liabilities	**(6,625)**	(8,471)	**(6,625)**	(8,471)
Net deferred tax assets	**8,105**	6,181	**8,105**	6,181

Movements in deferred tax balances arising from the defined benefit liability, equity investments, investment debt securities and derivative liabilities are recognised directly in other comprehensive income. The movement in deferred tax balances arising from the other items listed above are recognised in profit or loss.

Effective tax rates (ETR)

The ETR for the Group of 30.1% (2025: 30.1%) and the Company of 30.1% (2025: 30.1%) represents tax expense divided by total accounting profit.

5 Dividends	Cents per Share	Total amount $000	% Franked	Date of payment
Dividends recognised in current year by the Company are:				
2026				
2026 interim dividend	**9.5**	2,030	100%	4 Feb 26
2025 final dividend	**11.5**	2,773	100%	3 Sep 25
		4,803		
2025				
2025 interim dividend	**9.0**	2,170	100%	12 Feb 25
2024 final dividend	**9.5**	2,290	100%	4 Sep 24
		4,460		

Franked dividends paid were franked at the tax rate of 30%.

Subsequent events

On 26 August 2026 the Board declared a final ordinary dividend of 12 cents per share amounting to $2,565,000 franked at 100% at a tax rate of 30%, in respect of the year ended 30 June 2026. The dividend is payable on 2 September 2026. The financial effect of the dividend has not been brought to account in the financial statements for the year ended 30 June 2026 and will be recognised in subsequent financial statements.

Dividends (continued)

The declaration and subsequent payment of dividends has no income tax consequences.

	Company	
	2026	2025
	$000	$000
Dividend franking account		
30% franking credits available to members of the Company for dividends in subsequent financial years	**217,771**	202,657

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the current tax liability;

(b) franking debits that will arise from the payment of dividends recognised as a liability at year end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at year end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to use the franking credits is dependent upon the ability to declare dividends in accordance with the tax consolidation legislation.

	Consolidated		Company	
6 Investment in debt securities	**2026**	2025	**2026**	2025
	$000	$000	**$000**	$000
Investment in debt securities at FVOCI *				
- certificates of deposit issued by banks	**133,302**	32,811	**133,302**	32,811
- government and semi-government securities	**358,066**	145,049	**358,066**	145,049
- other bonds	**46,583**	171,156	**46,583**	171,156
- floating rate notes**	**799,508**	889,890	**2,494,712**	2,570,079
Total investments	**1,337,459**	1,238,906	**3,032,663**	2,919,095

* All investment in debt securities are measured at fair value (refer to Note 1(h) for details on accounting policy).

** The Company holds $1,650,000,000 (2025: $1,650,000,000) in bonds issued by the Illawarra Series IS Trust, $15,069,000 (2025: $17,210,000) in bonds issued by the Illawarra Warehouse Trust No. 3 and $26,088,000 (2025: $9,600,000) in bonds issued by the Illawarra Warehouse Trust No. 4 as part of a contingency liquidity facility. These investments are eliminated on consolidation. Refer Note 25.

An ECL for investment in debt securities of $612,777 is recognised in OCI at 30 June 2026 (2025: $520,041).

Of the above amounts, $331,503,000 (2025: $355,344,000) is expected to be recovered within 12 months of the balance date by the Group and the Company.

The Group's exposure to credit risk and interest rate risk is disclosed in Note 30.

	Consolidated		Company	
7 Deposits with other ADIs	**2026**	2025	**2026**	2025
	$000	$000	**$000**	$000
Deposits with other Authorised Deposit-taking Institutions (ADIs) at amortised cost	**197,094**	**65,500**	**197,094**	65,500
Provision for impairment – expected credit losses	**(27)**	**(21)**	**(27)**	(21)
Total deposits with other ADIs	**197,067**	**65,479**	**197,067**	65,479

Of the above amounts, $193,810,000 (2025: $65,500,000) is expected to be recovered within 12 months of the balance date by the Group and the Company.

8 Loans and advances to customers	Note	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Loans and advances to customers at amortised cost*		**7,606,748**	6,926,812	**7,606,748**	6,926,812
Provision for impairment – expected credit losses	10	**(9,070)**	(7,482)	**(9,070)**	(7,482)
Total loans net of provision for impairment		**7,597,678**	6,919,330	**7,597,678**	6,919,330

* Includes $2,842,291,000 of securitised residential loans (2025: $2,231,285,000).

Of the above amounts, $266,141,000 (2025: $262,429,000) is expected to be recovered within 12 months of the balance date by the Group and the Company.

	2026			2025		
	Gross Carrying Amount $000	ECL allowance $000	Carrying Amount $000	Gross Carrying Amount $000	ECL allowance $000	Carrying Amount $000
Mortgage lending	**6,892,439**	**(4,053)**	**6,888,386**	6,233,664	(4,021)	6,229,643
Commercial	**423,823**	**(2,205)**	**421,618**	421,077	(1,532)	419,545
Personal loans	**261,561**	**(2,358)**	**259,203**	237,534	(1,731)	235,803
Revolving credit	**28,925**	**(454)**	**28,471**	34,537	(198)	34,339
Total	**7,606,748**	**(9,070)**	**7,597,678**	6,926,812	(7,482)	6,919,330

9 Other investments	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Other equity investments – held for sale*	**-**	1,069	**-**	1,069
Investments in controlled entities	**-**	-	**2**	2
Total other investments	**-**	1,069	**2**	1,071

*On 1 August 2025, IMB completed the sale of its entire shareholding in Australian Settlements Limited (ASL) to Banking Circle S.A., following receipt of formal regulatory approval on 23 July 2025. The sale was executed under the Share Sale Agreement signed on 20 December 2024.

The carrying value at 30 June 2025 was $1.069 million (classified as “Other Investments – held for sale” and measured at fair value through Other Comprehensive Income (FVOCI) under AASB9). Sale proceeds received were $1.721 million with the cumulative gain on sale of $852,000, transferred from FVOCI to retained earnings upon completion (no impact on profit or loss).

10 Provision for impairment - expected credit losses

The table below represents the reconciliation of opening balance to closing balance of ECL allowances:

	Investment in debt securities*	Deposits with other ADIs	Loans and advances to customers	Total
Consolidated and Company	**$000**	**$000**	**$000**	**$000**
Balance as at 1 July 2025	**520**	**21**	**7,482**	**8,023**
Impairment charge	**93**	**6**	**1,750**	**1,849**
Amounts written off, previously provided for	**-**	**-**	**(162)**	**(162)**
Balance as at 30 June 2026	**613**	**27**	**9,070**	**9,710**
Consolidated and Company	**$000**	**$000**	**$000**	**$000**
Balance as at 1 July 2024	507	12	6,682	7,201
Impairment charge	13	9	915	937
Amounts written off, previously provided for	-	-	(115)	(115)
Balance as at 30 June 2025	520	21	7,482	8,023

*ECL for investment in debt securities measured at FVOCI is recognised in OCI.

The tables below represent the reconciliation from the opening balance to the closing balance of the ECL allowance for loan and advances to customers:

		Lifetime ECL		
ECL on loans and advances to customers	**Stage 1 12 month ECL**	**Stage 2 not credit-impaired**	**Stage 3 credit-impaired**	**Total**
Consolidated and Company	**$000**	**$000**	**$000**	**$000**
Balance as at 1 July 2025	**6,654**	**649**	**179**	**7,482**
Transfers during the period to:				
12 month ECL	(188)	188	-	-
Lifetime ECL not credit-impaired	170	(940)	770	-
Lifetime ECL credit-impaired	422	429	(851)	-
Net remeasurement of loss allowance	(3,699)	1,861	2,726	888
New financial assets originated	2,354	4	-	2,358
Financial assets that have been derecognised	(1,056)	(195)	(245)	(1,496)
Write-offs	(1)	(9)	(152)	(162)
Balance as at 30 June 2026*	**4,656**	**1,987**	**2,427**	**9,070**

10 Provision for impairment - expected credit losses (continued)

ECL on loans and advances to customers	Stage 1 12 month ECL	Lifetime ECL Stage 2 not credit-impaired	Lifetime ECL Stage 3 credit-impaired	Total
Consolidated and Company	**$000**	**$000**	**$000**	**$000**
Balance as at 1 July 2024	**6,467**	**124**	**91**	**6,682**
Transfers during the period to:				
12 month ECL	482	(470)	(12)	-
Lifetime ECL not credit-impaired	(257)	333	(76)	-
Lifetime ECL credit-impaired	-	(151)	151	-
Net remeasurement of loss allowance	(1,089)	926	169	6
New financial assets originated	2,053	-	-	2,053
Financial assets that have been derecognised	(1,002)	(111)	(31)	(1,144)
Write-offs	-	(2)	(113)	(115)
Balance as at 30 June 2025*	**6,654**	**649**	**179**	**7,482**

* Under the Group's provisioning policy, a general reserve for credit losses is also held as an additional allowance for impairment losses.

The ECL on Investment debt securities and deposits with other ADIs are classified at stage 1 as there has been no significant increase in credit risk since initial recognition.

ECL is also recognised for off-balance sheet credit exposures such as undrawn commitments; these are included in the ECL modelling framework and reflected through the EAD assumptions and/or separate ECL calculations as applicable.

For a definition of stage 1, 2 & 3 refer to Note 1(i).

The Group's exposure to credit risk and impairment losses related to loans and advances is disclosed in Note 30.

The increase in expected credit losses for the financial year was predominantly driven by higher credit-impaired specific provisions, management overlays recognised in connection with the implementation of the new expected credit loss model, adverse staging movements and deterioration in forward-looking macroeconomic assumptions.

The risk characteristics of new lending growth are consistent with the existing loan book.

<u>Critical accounting estimates and judgements</u>

The Group applies judgement in estimating expected credit losses (ECL), including the selection of model inputs, assumptions, and the application of post-model adjustments and management overlays.

Changes in the assumptions, including macroeconomic forecasts and behavioural relationships within the model, could materially affect ECL within the next 12 months.

During the current reporting period, the Group implemented a more sophisticated ECL model, replacing the previous internally developed model. The new model incorporates enhanced estimation techniques, including forward-looking macroeconomic variables, dynamic probability of default (PD) term structures and refined credit risk staging methodologies.

This represents a change in accounting estimate arising from a change in estimation technique under AASB 108. The change was made to improve the responsiveness of ECL estimates to changes in credit risk and to better align with industry practices and evolving regulatory expectations. The impact of this change has been recognised in the current reporting period.

The measurement of ECL requires the use of complex models and significant assumptions, including:

- probability of default (PD), loss given default (LGD) and exposure at default (EAD);
- forward-looking macroeconomic scenarios and associated probability weightings;

10 Provision for impairment - expected credit losses (continued)

- criteria for determining significant increase in credit risk (SICR) and stage allocation; and
- the incorporation of reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Where appropriate, the Group makes adjustments to the ECL estimate outside the Group's regular modelling process to reflect management judgements. Changes to the assumptions underlying these judgemental adjustments could materially affect ECL within the next 12 months. These adjustments include post-model adjustments (PMAs) and overlays.

- PMAs are adjustments to the ECL balance as part of the year-end reporting process to reflect late updates to market data, known model deficiencies and expert credit judgement. They are usually calculated and allocated at a granular level through modelled analysis, calculated separately for each economic scenario and where appropriate used to adjust the stage allocation outcomes.
- Overlays are adjustments to the ECL model outputs that have been made outside the detailed ECL calculation and reporting process. These do not meet the Group's definition of PMAs because they are not calculated at a granular level through modelled analysis. These can include both Management Overlays and Model Risk Overlays.

Management Overlays are applied where model outputs may not fully capture emerging or tail risks, model limitations, or portfolio-specific risk factors. The governance of overlays includes review of portfolio performance indicators (arrears, hardship arrangements, watchlist volumes), changes in macroeconomic outlook, and benchmarking to internal risk appetite and external market indicators.

Model risk Overlays are management adjustments applied outside the core modelled result to address known model limitations, data constraints or emerging risks that are not adequately captured by the underlying model outputs. They are intended to ensure the final estimate remains reasonable and supportable, and should be supported by clear rationale, evidence, governance and periodic reassessment. The Group has internal governance frameworks and controls in place to assess the appropriateness of all judgemental adjustments. The aim of the Group is to incorporate these adjustments into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

Overlays and PMAs are reassessed at each reporting period and are expected to reduce as model enhancements better capture these risk factors within the base ECL. The continued use of overlays reflects areas where the model does not fully capture all risk characteristics and remains subject to ongoing refinement. As the ECL model matures, the reliance on overlays is expected to reduce.

Change in Accounting Estimates

The adoption of the new expected credit loss model during the year resulted in a change in the measurement of ECL as at 30 June 2026. On transition, the updated model resulted in a decrease in total ECL provisions of $0.1 million (prior model: $7.2 million; new model: $7.1 million). The difference arose from:

- more granular and borrower-level staging in the new model ("one-in-all-in"), which increases lifetime ECL for some exposures but reduces it for others;
- enhanced macroeconomic modelling using a broader range of variables to better reflect prevailing economic conditions; and
- recalibrated loss given default parameters that are more closely aligned to IMB's historical loss experience or, where internal data is limited, relevant external proxy data.

These changes are designed to improve the model's responsiveness to changes in borrower credit quality and current and forecast economic conditions, and to produce an ECL estimate that reflects reasonable and supportable information available at the reporting date.

There was no restatement of comparative information as the change represents a change in accounting estimate in accordance with AASB 108. The impact has been recognised in both profit & loss and balance sheet in the current reporting period in the form of a corresponding reduction in both impairment expense and provision for impairment. It is not practicable to estimate the financial effect of the change in future periods as the new ECL model incorporates forward-looking macroeconomic variables, dynamic credit risk staging, and management judgement. The resulting ECL outcomes are highly sensitive to future economic conditions, borrower behaviour, and model recalibration, which are inherently uncertain and cannot be reliably quantified at the reporting date.

10 Provision for impairment - expected credit losses (continued)

Movement in ECL due to change in model

	2026 $000
ECL under previous model	**8,543**
Impact of model methodology change	**527**
ECL under the new model	**9,070**

Judgemental adjustments

Total judgemental adjustments as at 30 June 2026 increased the loss allowance by $808,000 (2025: $423,000).

	2026 $000	2025 $000
Loss allowance before judgemental adjustments	**8,262**	7,059
Management overlay	**-**	423
Model risk overlay	**808**	-
Loss allowance after judgemental adjustments	**9,070**	7,482

Impairment is measured as the impact of credit risk on the present value of management's estimates of future cash flows. In determining the required level of impairment provisions, the Group uses output from statistical models incorporating estimates and judgements to determine the probability of default (PD), the exposure at default (EAD), and the loss given default (LGD) for each loan. Exposure at default (EAD) reflects the expected exposure at the time of default and is derived from the contractual cashflow profile of each facility, including scheduled principal amortisation and accrued interest. Where relevant, EAD also incorporates undrawn and contingent exposures (including redraw and approved-but-not-advanced components) using a credit conversion factor consistent with the Group's conservatism and historical utilisation experience.

Loss given default (LGD) reflects expected losses after considering recoveries from collateral and other credit enhancements, net of costs and timing of recovery. For secured portfolios, collateral values and expected time-to-recovery are key inputs. Where internal loss history is limited, the Group applies prudent LGD assumptions (including minimum LGD parameters) informed by external reference data and internal experience. Collateral values may also be adjusted by conservative haircuts to reflect expected realisation outcomes.

The most significant areas of estimation uncertainty are the use of forward-looking information and multiple economic scenarios. The most significant areas of judgement relate to the identification of a significant increase in credit risk (SICR) and the approach to identifying credit impaired loans.

The Group's approach to each of these estimates and judgements is described in more detail below.

Use of forward-looking macroeconomic information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of Expected Credit Losses (ECL). This calculation relies on unbiased, probability-weighted scenarios that integrate core macroeconomic variables influencing credit losses. These factors include Gross Domestic Product (GDP), unemployment rates, household savings, the Reserve Bank of Australia (RBA) target cash rate, and shifting residential property values. To model probability of default (PD) curves across individual loan segments, the Group selects specific variables displaying the highest statistical correlation to historically observed default rates over the preceding 7 years.

Three distinct economic scenarios are modelled: a central base case aligned with consensus economic projections, alongside less probable upside and downside outcomes. The base case reflects internal assumptions utilized by the Group for strategic corporate planning and budgeting. External inputs are derived from published data and forecasts generated by Australian governmental departments, monetary authorities, and broader publicly available economic indicators.

10 Provision for impairment - expected credit losses (continued)

To address the uncertainty of future loan performance, the forward-looking economic provision adjustments integrate assessments of current global market volatility. At 30 June 2026, probability weightings were reviewed and recalibrated to capture this increasingly complex near-term economic environment. While the central base case probability remained static at 50%, the upside scenario allocation was adjusted downward from 5.0% to 2.5%, and the downside scenario allocation was elevated from 45.0% to 47.5%. The increased downside weighting reflects persistent inflationary pressures, uncertainty regarding the future path of interest rates, and broader geopolitical and market uncertainty, including trade policy risk, energy market volatility and conflict-related risks that could affect household cash flows, business confidence and credit conditions

The probability weightings applied to each scenario are shown in the table below:

Economic scenarios	**2026** **%**	2025 %
Upside	**2.5**	5.0
Base	**50.0**	50.0
Downside	**47.5**	45.0

Overlays and adjustments

The Company holds nil (2025: $423,000) as a management overlay. The management overlay was reassessed on adoption of the new model, with the prior year overlay released as the updated model now captures a broader range of credit risk factors directly in the base ECL provision, including widened significant increase in credit risk criteria, watchlist treatment, borrower-level aggregation and updated forward-looking macroeconomic sensitivity

The Company holds $808,000 (2025: nil) as a model risk overlay. A model risk overlay was adopted on implementation of the new model to provide additional conservatism during the initial post-adoption period while model performance is monitored, including the stability of staging outcomes, macroeconomic sensitivity, data migration and parameter alignment.

The overlay also recognises residual uncertainty associated with emerging physical climate risks, including potential impacts on hazard exposure, insurance affordability, collateral values, probability of default and loss given default outcomes. Refer Section 3.3.5 of IMB's Sustainability Report for further information.

Sensitivity analysis
The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining the provision as at 30 June 2026 together with the prior year comparative:

	2026 $M	2025 $M
Reported weighted ECL	8.3	7.1
100% Base scenario	6.9	5.7
100% Downside scenario	9.8	8.8
100% Upside scenario	6.2	4.6

10 Provision for impairment - expected credit losses (continued)

Identifying significant increase in credit risk (SICR)

The Group periodically assesses exposures to determine whether a SICR has occurred, using both quantitative and qualitative indicators. The primary quantitative indicator for loans is days past due. Qualitative indicators include placement on credit watch and temporary loan modifications arising from financial difficulty.

The Group also applies probationary criteria for exposures migrating from Stage 3 back to Stage 2, and Stage 2 back to Stage 1, including sustained evidence of credit improvement (e.g., satisfactory repayment performance over a defined period) and removal of qualitative risk flags.

Definition of default

The Group considers a financial asset to be in default when:

– The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

– The borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

– It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower’s inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

– Qualitative, e.g., breaches of covenant.

– Quantitative, e.g., overdue status and non-payment on another obligation of the same issuer to the Group.

– Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

	Consolidated		Company	
11 Derivative (liabilities)/assets	**2026 $000**	2025 $000	**2026 $000**	2025 $000
Interest rate swaps at fair value	**(1,657)**	718	**(1,657)**	718

The Group uses interest rate swaps to hedge interest rate risk resulting from the variability in interest cash flows caused by the changes in the benchmark interest rate (BBSW) applicable to a portfolio of floating rate note (FRN) investments. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

At 30 June 2026, the Group held the following interest rate swaps to hedge exposures to changes in interest rates.

	Maturity		
	0-3months $000	**3-12 months $000**	**More than one year $000**
Interest rate swaps			
Net outflow	**(1,352)**	**(891)**	**-**
Average interest rate	**(0.95%)**	**(0.90%)**	**0.00%**

	Consolidated		Company	
12 Property, plant and equipment	**2026 $000**	2025 $000	**2026 $000**	2025 $000
Freehold land and buildings				
- at cost	**66,624**	66,506	**66,624**	66,506
- accumulated depreciation	**(9,070)**	(7,684)	**(9,070)**	(7,684)
Total land and buildings	**57,554**	58,822	**57,554**	58,822
Right of use assets				
- at cost	**25,696**	29,932	**25,696**	29,932
- accumulated depreciation	**(14,907)**	(14,458)	**(14,907)**	(14,458)
Total right of use assets	**10,789**	15,474	**10,789**	15,474
Plant and equipment				
- at cost	**44,692**	43,422	**44,692**	43,422
- accumulated depreciation	**(32,714)**	(31,049)	**(32,714)**	(31,049)
Total plant and equipment	**11,978**	12,373	**11,978**	12,373
Work in progress – at cost - other	**342**	50	**342**	50
Work in progress – at cost	**342**	50	**342**	50
Total property, plant and equipment – at cost	**137,354**	139,910	**137,354**	139,910
Total accumulated depreciation	**(56,691)**	(53,191)	**(56,691)**	(53,191)
Total property, plant and equipment – carrying amount	**80,663**	86,719	**80,663**	86,719

	Consolidated		Company	
	2026	2025	**2026**	2025
12 Property, plant and equipment (continued)	**$000**	$000	**$000**	$000
Reconciliations				
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:				
Land and Buildings				
Carrying amount at the beginning of the year	**58,822**	60,014	**58,822**	60,014
Additions	**118**	192	**118**	192
Transfers from work in progress	**-**	-	**-**	-
Depreciation - buildings	**(1,386)**	(1,384)	**(1,386)**	(1,384)
Carrying amount at the end of the year	**57,554**	58,822	**57,554**	58,822
Plant and equipment				
Carrying amount at the beginning of the year	**12,373**	14,069	**12,373**	14,069
Additions	**2,264**	1,768	**2,264**	1,768
Transfers from work in progress	**921**	537	**921**	537
Disposals	**(441)**	(574)	**(441)**	(574)
Depreciation	**(3,139)**	(3,427)	**(3,139)**	(3,427)
Carrying amount at the end of the year	**11,978**	12,373	**11,978**	12,373
Work in progress				
Carrying amount at the beginning of the year	**50**	22	**50**	22
Additions	**1,213**	565	**1,213**	565
Transfers to plant and equipment and buildings	**(921)**	(537)	**(921)**	(537)
Carrying amount at the end of the year	**342**	50	**342**	50

Valuations of land and buildings

Independent valuations were carried out as at 30 June 2026 on the open market valuation of the properties based on their existing use. The independent valuation valued freehold land and buildings at $67,400,000. The Company's policy is to obtain an independent valuation of freehold land and buildings every three years. As freehold land and buildings are carried at cost, the valuation has not been brought to account.

Right of use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 1(l)).

12 Property, plant and equipment (continued)	**Consolidated**		**Company**	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Right-of-use assets				
Buildings	**10,788**	15,464	**10,788**	15,464
Plant and equipment	**1**	10	**1**	10
Total right-of-use assets	**10,789**	15,474	**10,789**	15,474
Reconciliation of carrying amount				
Carrying amount at the beginning of the year	**15,474**	12,281	**15,474**	12,281
Additions	**2,316**	10,092	**2,316**	10,092
Terminations	**(23)**	(9)	**(23)**	(9)
Depreciation				
- Buildings	**(6,968)**	(6,881)	**(6,968)**	(6,881)
- Plant and equipment	**(10)**	(9)	**(10)**	(9)
Carrying amount at the end of the year	**10,789**	15,474	**10,789**	15,474

13 Intangible assets	**Consolidated**		**Company**	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Intangible computer software				
- at cost	**32,018**	29,689	**32,018**	29,689
- accumulated amortisation	**(27,621)**	(24,650)	**(27,621)**	(24,650)
Intangible computer software	**4,397**	5,039	**4,397**	5,039
Work in progress – at cost	**618**	1,807	**618**	1,807
Total intangible computer software	**5,015**	6,846	**5,015**	6,846
Reconciliation				
Intangible computer software				
Carrying amount at the beginning of the year	**5,039**	6,573	**5,039**	6,573
Additions	**-**	-	**-**	-
Transfers from work in progress	**2,286**	1,724	**2,286**	1,724
Disposals	**-**	-	**-**	-
Amortisation	**(2,928)**	(3,258)	**(2,928)**	(3,258)
Carrying amount at the end of the year	**4,397**	5,039	**4,397**	5,039
Work in progress				
Carrying amount at the beginning of the year	**1,807**	1,460	**1,807**	1,460
Additions	**1,097**	2,071	**1,097**	2,071
Reclassification to other assets	**-**	-	**-**	-
Transfers to intangible computer software	**(2,286)**	(1,724)	**(2,286)**	(1,724)
Carrying amount at the end of the year	**618**	1,807	**618**	1,807

14 Other assets	Consolidated		Company	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Sundry debtors	**12,717**	18,842	**55,186**	56,292
Other assets*	**62**	-	**62**	-
Total other assets	**12,779**	18,842	**55,248**	56,292

*Bank guarantee $62,000 (2025: nil). These funds are not available for general use.

15 Trade and other payables	Consolidated		Company	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Trade creditors and other accruals	**59,459**	31,130	**59,460**	31,130
Distributions payable by special purpose entities	**28,846**	16,487	-	-
Fees payable by special purpose entities	**711**	551	-	-
Total trade and other payables	**89,016**	48,168	**59,460**	31,130

The Group’s exposure to liquidity risk related to trade and other payables is disclosed in Note 30.

16 Deposits	Consolidated		Company	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Retail deposits	**6,671,988**	6,204,388	**6,678,369**	6,210,067
Middle markets	**612,131**	600,246	**612,131**	600,246
Wholesale deposits	**163,188**	268,478	**163,188**	268,478
Accrued interest	**51,681**	53,953	**51,681**	53,953
Total deposits	**7,498,988**	7,127,065	**7,505,369**	7,132,744

The Group’s exposure to liquidity risk related to deposits is disclosed in Note 30.

17 Securitised loans funding	Consolidated		Company	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Notes payable	**1,145,791**	551,130	**-**	-
Loans from securitisation trusts*	**-**	-	**2,840,145**	2,229,942
Total securitised loans funding	**1,145,791**	551,130	**2,840,145**	2,229,942

* Includes $1,691,157,000 (2025: $1,676,810,000) in bonds issued by Consolidated SPEs. Refer to Note 25.

The Group’s exposure to liquidity risk related to securitised loans funding is disclosed in Note 30.

18 Interest-bearing liabilities	**Note**	**Consolidated 2026 $000**	Consolidated 2025 $000	**Company 2026 $000**	Company 2025 $000
Repurchase agreements*	1h				
Repurchase agreements		**-**	75,138	**-**	75,138
Total Repurchase agreements*		**-**	75,138	**-**	75,138
Lease liabilities					
Lease liabilities		**10,946**	15,584	**10,946**	15,584
Total lease liabilities		**10,946**	15,584	**10,946**	15,584
Subordinated floating rate notes	1p				
- Series 5		**-**	70,685	**-**	70,685
- Series 7		**100,199**	-	**100,199**	-
Total subordinated floating rate notes		**100,199**	70,685	**100,199**	70,685
Total interest-bearing liabilities		**111,145**	161,407	**111,145**	161,407
Lease liabilities					
Current lease liabilities		**5,184**	6,474	**5,184**	6,474
Non-current lease liabilities		**5,762**	9,110	**5,762**	9,110
Total lease liabilities		**10,946**	15,584	**10,946**	15,584
Reconciliation of carrying amount					
Carrying amount at the beginning of the year		**15,584**	12,389	**15,584**	12,389
Net additions		**2,327**	10,070	**2,327**	10,070
Lease payments					
- Gross lease payments		**(7,416)**	(7,272)	**(7,416)**	(7,272)
- Interest portion of lease payments		**451**	397	**451**	397
		(6,965)	(6,875)	**(6,965)**	(6,875)
Carrying amount at the end of the year		**10,946**	15,584	**10,946**	15,584
Expenses related to short-term leases and low value assets		**922**	758	**922**	758
Total cash outflow for leases		**8,367**	8,031	**8,367**	8,031

* Represent securities repurchase agreements with the Reserve Bank of Australia.

Subordinated floating rate notes

Series 5 was redeemed in full on 4 May 2026, with the approval of APRA.

Series 7 was issued for a ten-year period maturing 2036 with an option to redeem at par after five years subject to APRA approval. Interest is paid quarterly in arrears based on the 3-month Bank Bill Rate plus a margin of 185 basis points. In line with APRA's capital adequacy measurement rules the Subordinated Floating Rate Notes are included in lower tier 2 capital.

18 Interest-bearing liabilities (continued)

Leases

The Group leases branch office facilities. The leases run for a period of between one and five years with some leases containing an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group leases IT equipment with a contract term of three years with an option to renew for an additional two years after that date. Some of the leases are low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for those leases.

Some property leases contain extension options exercisable by the group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group leases out property consisting of its owned commercial properties. All leases are classified as operating leases from a lessor perspective.

The Group's exposure to interest rate risk is disclosed in Note 30.

Reconciliation of interest-bearing liabilities

The Group and Company's reconciliation of movements of interest-bearing liabilities to cash flows arising from financing activities is as follows:

30 June 2026	Lease liabilities $000	Subordinated notes $000	Repurchase agreements $000	Senior unsecured debt $000
Balance at the beginning of the year	15,584	70,685	75,138	-
Changes from financing cash flows				
Repayments of interest-bearing liabilities	-	(70,000)	(457,014)	-
Proceeds from interest-bearing liabilities	-	100,000	382,019	-
Repayments of lease liabilities	(7,416)	-	-	-
Total changes from financing cash flows	(7,416)	30,000	(74,995)	-
Other changes				
Liability related				
New leases	2,327	-	-	-
Capitalised borrowing costs	-	(430)	-	-
Interest paid	-	(5,896)	(916)	-
Interest expense	451	5,840	773	-
Total liability related other changes	2,778	(486)	(143)	-
Balance at the end of the year	10,946	100,199	-	-

18 Interest-bearing liabilities (continued)

30 June 2026	Lease liabilities $000	Subordinated notes $000	Repurchase agreements $000	Senior unsecured debt $000
Balance at the beginning of the year	12,389	70,698	25,015	-
Changes from financing cash flows				
Repayments of interest-bearing liabilities	-	-	(509,865)	-
Proceeds from interest-bearing liabilities	-	-	559,860	-
Repayments of lease liabilities	(7,272)	-	-	-
Total changes from financing cash flows	(7,272)	-	49,995	-
Other changes				
Liability related				
New leases	10,070	-	-	-
Capitalised borrowing costs	-	34	-	-
Interest paid	-	(4,822)	(1,332)	-
Interest expense	397	4,775	1,460	-
Total liability related other changes	10,467	(13)	128	-
Balance at the end of the year	15,584	70,685	75,138	-

19 Provisions	Note	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Make-good provision					
Balance at the beginning of the year		**622**	285	**622**	285
Provisions used during the year		**(31)**	(273)	**(31)**	(273)
Provisions made during the year		**-**	610	**-**	610
Balance at the end of the year		**591**	622	**591**	622
Employee benefits					
Balance at the beginning of the year		**14,510**	13,575	**14,510**	13,575
Provisions made during the year		**5,383**	6,588	**5,383**	6,588
Provisions used during the year		**(3,928)**	(5,653)	**(3,928)**	(5,653)
Balance at the end of the year	21	**15,965**	14,510	**15,965**	14,510
Total provisions		**16,556**	15,132	**16,556**	15,132

20 Share capital and reserves	Consolidated		Company	
	2026	2025	**2026**	2025
	$000	$000	**$000**	$000
Share capital – ordinary shares				
On issue at 1 July (24,110,261 ordinary shares)	**28,324**	28,324	**28,324**	28,324
Own shares acquired	**(3,203)**	-	**(3,203)**	-
On issue at 30 June (21,373,039 ordinary shares)	**25,121**	28,324	**25,121**	28,324

The Company does not have authorised capital or par value in respect of its issued shares. Under the constitution of the Company, no person may hold an entitlement in ordinary shares of more than five percent (5%) of the nominal value of all shares of that class. The Company has of ordinary shares are entitled to receive dividends as declared from time to time. In assessing the dividend to be paid, the Board has regard to the Company's status as a mutual entity. All Members have an interest in the assets and earnings of the Company. Members by way of guarantee and Shareholders Members by way of both shares and guarantee. Subject to basic voting qualifications, a Member of the Company is entitled to one vote only, irrespective of the number of shares or the number or amounts of deposits held. The holders of ordinary shares are entitled to receive dividends as declared from time to time. In assessing the dividend to be paid, the Board has regard to the Company's status as a mutual entity. All Members have an interest in the assets and earnings of the Company.

Share buyback

On 29 October 2025 the Company bought back 2,737,222 shares for a total cash consideration, including transaction costs, of $7.5 million. All shares tendered were accepted in full.

Fair value reserve

The fair value reserve includes the cumulative net change in fair value of investment debt securities and other financial assets until the investment or asset is derecognised or impaired, net of applicable income tax.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of applicable income tax.

General reserve for credit losses

Under the Group's provisioning methodology the general reserve for credit losses contains an additional allowance for impairment losses, above that calculated in accordance with Note 1(i). The general reserve for credit losses is held in support of regulatory expectations relating to sound credit risk management practices associated with the ongoing application of ECL accounting, and form part of the Group's broader approach to capital management.

General reserve

The general reserve includes retained profits from prior years.

Transfer of business reserve

Mergers with other mutual entities are accounted for by recognising the identifiable assets and liabilities of the transferred entity on the statement of financial position at their fair value at the date of merger. The excess of the fair value of assets taken up over liabilities assumed is taken directly to equity as a reserve.

	Consolidated		Company	
	2026	2025	**2026**	2025
21 Employee benefits	**$000**	$000	**$000**	$000
Current				
Liability for annual leave	**6,644**	6,292	**6,644**	6,292
Liability for banked time	**15**	1	**15**	1
Liability for long service leave	**7,995**	8,096	**7,995**	8,096
Liability for purchased annual leave	**48**	39	**48**	39
	14,702	14,428	**14,702**	14,428
Non Current				
Net defined benefit asset	**(984)**	(1,391)	**(984)**	(1,391)
Liability for long service leave	**2,247**	1,473	**2,247**	1,473
	1,263	82	**1,263**	82
Total employee benefits	**15,965**	14,510	**15,965**	14,510

Liability for the IMB Staff Defined Benefit Superannuation Plan obligations

The plan is a salary-related defined benefit superannuation plan. Benefits are payable on retirement, resignation, death or total and permanent disability as a lump sum. The plan also provides salary continuance insurance.

The Company makes contributions in respect of each plan member based on a fixed percentage of the member's salary. Each member is also required to contribute 5% of their salary during each financial year. The plan provides defined benefits on retirement based on years of service and the final average salary. In accordance with Superannuation Industry (Supervision) Regulations – Reg 9.04D, due to the membership of the fund being less than fifty on 12 May 2004, no new members have been accepted to the plan since that date. There are currently two members (2025: five) in the plan. An actuarial assessment of the plan at 30 June 2026 was carried out by Ms S Sweeney FIAA on 13 July 2026.

The plan is administered by a separate trust that is legally separate from the Company. The Company's main responsibility under the regulatory framework is to pay the funding contribution as recommended by the plan actuary. The trustee is responsible for the day-to-day operation of the plan which includes administration, investment policy, governance, compliance and maintaining a minimum adequate level of financial solvency.

In Australia, legislation requires that defined benefit plans are funded to meet the Minimum Requisite Benefits (MRBs) and regulations require defined benefit plans to have a vested benefit index (VBI) of at least 100%. The plan actuary performs a triennial funding valuation which considers the plan's funding position and policies and the plan actuary recommends an employer contribution rate in order to target that at least 100% of the MRBs are covered by the plan assets and to target that the plan achieves a VBI of 100%. In the interim the plan is monitored regularly and the employer contribution rate is adjusted if required.

The net defined benefit asset recognised is subject to an asset ceiling of $334,000 (2025: $371,000). This ceiling represents the present value of economic benefits available to the Company in the form of future refunds from the plan or reductions in future contributions. The application of the asset ceiling has been determined in accordance with AASB 119, considering any applicable minimum funding requirements.

The Trustee is required by law to act in the best interest of the beneficiaries of the plan.

The defined benefit plan exposes the Company to actuarial risks, such as salary inflation risk and market (investment) risk.

21 Employee benefits (continued)	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
Movements in the net defined benefit asset				
Net defined benefit asset at the beginning of the year	**1,391**	1,361	**1,391**	1,361
Total remeasurement recognised in other comprehensive income gain/(loss)	**185**	(134)	**185**	(134)
Contribution (holiday)/received from employer	**(115)**	198	**(115)**	198
Asset (loss)/gain due to application of asset ceiling	**(37)**	371	**(37)**	371
Defined benefit cost recognised in the profit and loss	**(440)**	(405)	**(440)**	(405)
Net defined benefit asset at the end of the year	**984**	1,391	**984**	1,391

	Year Ending 30 June 2027 $000
Expected contributions to the plan in the next reporting period	
Expected employer contributions	**186**
Expected employee contributions	**31**

The Employer is currently on a contribution holiday (effective from 1 December 2024) in relation to the Employer and Employee related Defined Benefit contributions. As a result, the relevant contributions will be met by the Plan's assets in the next financial year.

Maturity profile of the defined benefit obligation as measured by weighted average duration

The weighted average term of the Defined Benefit Obligation is calculated as 4.1 years.

Projected benefit payments (defined benefit only)	2026 $000	2025 $000
Next year	**385**	5,671
Next year + 1 year	**441**	3,117
Next year + 2 years	**430**	390
Next year + 3 years	**470**	383
Next year + 4 years	**420**	420
Sum of next year + 5 – 9 years	**1,841**	1,888

Defined contribution superannuation funds

The Company makes contributions to defined contribution superannuation funds. The amount recognised as expense was $7,783,000 for the financial year (2025: $6,733,000).

22 Capital and other commitments	Consolidated **2026** **$000**	 2025 $000	Company **2026** **$000**	 2025 $000
Loan commitments approved but not advanced				
- not later than one year	**290,676**	455,877	**290,676**	455,877
- later than one year	**6,743**	9,215	**6,743**	9,215
Total	**297,419**	465,092	**297,419**	465,092
Capital expenditure commitments not taken up in the financial statements				
- not later than one year	**908**	193	**908**	193
- later than one year	**-**	-	**-**	-
Total	**908**	193	**908**	193

23 Financial arrangements	Consolidated **2026** **$000**	 2025 $000	Company **2026** **$000**	 2025 $000
Bank overdraft available	**2,500**	2,500	**2,500**	2,500
Facilities not utilised	**2,500**	2,500	**2,500**	2,500

The overdraft facility when drawn is secured by a charge over mortgage loans made by the Company to members. This facility is subject to annual review. The facility is subject to an annual interest rate of 9.99% (2025: 9.49%).

24 Contingent liabilities

Contingent liabilities considered remote

Guarantees given by IMB Ltd

Business Banking clients

Contingent liabilities include guarantees of $3,726,000 (2025: $4,272,000) issued on behalf of clients supporting performance, rental and other commercial obligations. The Company holds either term deposits or real estate as security against these performance guarantees.

These facilities are established on the basis that the beneficiary of the guarantee can call up the guarantee at any time and IMB is obliged to make good the value within the guarantee. In such circumstances the value of the payment under the guarantee is recovered from the security or a loan supported by the security.

Considering the contingent liability imposed upon IMB, fees are charged for the establishment and ongoing management of such facilities.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

25 Consolidated entities

Parent entity: IMB Ltd

Subsidiary	Principal Activity	Ownership interest 2026 %	Ownership interest 2025 %
IMB Bank Community Foundation Pty Ltd	Dormant	**100.0**	100.0
IMB Securitisation Services Pty Limited	Securitisation trust management	**100.0**	100.0
Securitisation SPEs *			
Illawarra Warehouse Trust No. 3	Securitisation trust		
Illawarra Warehouse Trust No. 4	Securitisation trust		
Illawarra Series IS Trust	Securitisation trust		
Illawarra Series 2024-1 RMBS Trust	Securitisation trust		
Illawarra Series 2025-1 RMBS Trust	Securitisation trust		

* Refer to Note 1(c). These entities are consolidated on the basis of risk exposure, not control or ownership. IMB continues to reflect the securitised loans in their entirety and also recognises a financial liability to the Trust. The interest payable in the intercompany financial asset/liability represents the return on an imputed loan between IMB and the SPEs.

On 14 May 2026 all notes of the Illawarra Series 2017-1 RMBS Trust were redeemed in accordance with the clean-up provisions of the trust.

All entities are incorporated in Australia.

26 Notes to the statements of cash flows	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
RECONCILIATION OF CASH				
Cash and cash equivalents at the end of the year as shown in the statements of cash flows is reconciled to the related item in the balance sheets:				
Cash controlled by the Group	**153,392**	69,249	**145,345**	69,249
Cash controlled by SPEs	**63,510**	54,748	**-**	-
Total	**216,902**	123,997	**145,345**	69,249

The Group's exposure to interest rate risk for financial assets and liabilities is disclosed in Note 30.

	Consolidated 2026 $000	Consolidated 2025 $000	Company 2026 $000	Company 2025 $000
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year attributable to members of the Company	**40,091**	38,136	**39,590**	37,704
Net loss on sale of property, plant and equipment	**16**	148	**16**	148
Net investment in subsidiary write-off	**-**	-	**-**	-
Interest in lease liabilities	**450**	397	**450**	397
Remeasurement of defined benefit fund liability	**267**	238	**267**	238
Impairment losses on financial instruments	**2,128**	1,300	**2,128**	1,300
Depreciation of property, plant and equipment, and amortisation of intangible assets	**14,432**	14,959	**14,432**	14,959
Operating profit before changes in assets and liabilities	**57,384**	55,178	**56,883**	54,746
Changes in assets and liabilities:				
(Increase)/Decrease in accrued interest on investments	**(1,346)**	122	**(1,345)**	121
(Increase) in loans and advances to customers	**(680,476)**	(429,952)	**(680,476)**	(429,952)
Decrease in sundry debtors	**6,063**	21,209	**1,044**	24,601
(Increase)/Decrease in net deferred tax asset	**(1,924)**	2,503	**(1,924)**	2,503
(Decrease) in accrued interest on members' deposits	**(2,272)**	(8,363)	**(2,272)**	(8,363)
Increase/(Decrease) in trade and other payables	**40,848**	(14,909)	**28,330**	(13,130)
Increase in deposits	**374,195**	312,776	**374,897**	313,390
Increase in provision for employee benefits	**1,455**	935	**1,455**	935
Increase in current tax liabilities	**438**	6,761	**438**	6,761
(Decrease)/Increase in other provisions	**(31)**	337	**(31)**	337
Net cash flows from operating activities	**(205,666)**	(53,403)	**(223,001)**	(48,051)

CASH FLOWS PRESENTED ON A NET BASIS

Cash flows arising from loan advances and repayments, member deposits and withdrawals and from sales and purchases of investment debt securities have been presented on a net basis in the statements of cash flows.

27 Related party disclosures

The following were key management personnel of the Group and Company at any time during the year and unless otherwise indicated were key management personnel for the entire year.

Directors	***Executive***
Ms CA Aston, Chair	Mr RJ Ryan (Chief Executive Officer)
Mr BV Bissaker	Mr M Brannon (General Manager, Sales and Marketing)
Mr PJ Fitzgerald	Mr N Campbell (Chief Digital Officer)
Ms JA Gardner	Mr CJ Goodwin (Chief Financial Officer)
Ms CS Traquair	Ms RJ Heald (General Manager, People and Culture)
Mr HW Wendt	Ms S Hewitt (Chief Risk Officer) - resigned 19/6/2026
Mr CM Whitehead	Ms K Halling (Interim Chief Risk Officer) - commenced 19/6/2026
	Ms LB Wise (General Manager, Corporate Services and Company Secretary)

	Consolidated		**Company**	
	2026	2025	**2026**	2025
	$	$	**$**	$
The key management personnel compensation included in “personnel expense” (see Note 3) is as follows				
Short-term employee benefits	**5,992,099**	5,807,947	**5,992,099**	5,807,947
Post-employment benefits	**565,592**	496,992	**565,592**	496,992
Termination benefits	**182,510**	-	**182,510**	-
Other long-term benefits – deferred compensation	**803,465**	769,585	**803,465**	769,585
Other long-term benefits – other	**159,456**	61,876	**159,456**	61,876
Total	**7,703,122**	7,136,400	**7,703,122**	7,136,400

The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Company in relation to their services rendered to the Group. Compensation arrangements have been updated and structured to ensure compliance with CPS 511, *Remuneration*, the *Financial Accountability Regime Act 2023* and other regulatory guidance. Compensation arrangements have involved the setting of KPIs that balance financial and non-financial performance metrics and the application of deferral, malus and clawback provisions, which provide the Board with broad discretion to adjust remuneration outcomes. Subject to meeting the prescribed regulatory thresholds, these compensation arrangements include the deferral of 40% of the short-term incentives awarded, for a period of not less than four years, in order for performance to be reliably measured over a longer period of time.

Directors' Remuneration

The maximum aggregate of the amount of remuneration, inclusive of superannuation, available to the directors for the financial year was $1,160,000. Of this amount, $953,000 (2025: $920,366) was distributed to directors based on their roles and responsibilities on the Board and its committees. Movements reflect changes in the composition of the Board and its committees, and the benchmarking of Board remuneration levels and the method of distributing remuneration against those of comparable financial services entities.

Individual directors and executives compensation disclosures

Apart from the details disclosed in this note, no director has entered into a contract with the Group or the Company since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to key management personnel and their related parties, and the number of individuals in each group, are as follows:

27 Related party disclosures (continued)

	Opening Balance $	Closing Balance $	Interest and fees paid in the reporting year $	Number in group at 30 June
Total for key management personnel and their related parties 2026	**2,259,788**	**2,323,599**	**96,120**	**5**
Total for key management personnel and their related parties 2025	1,991,959	2,259,788	108,438	3

All loans to key management personnel and their related parties are made on an arm's length basis, on the same terms and conditions and at the same interest rates available to members. All loans are secured by residential mortgage, and no amounts have been written down or recorded as allowances, as the balances are considered fully collectible.

Key management personnel holdings of shares and deposits

Details regarding the aggregate of the number of ordinary shares in IMB Ltd held directly, indirectly or beneficially, by key management personnel and their related parties, and the number of individuals in each group are as follows:

	Opening Balance	Purchases	Sales	Closing Balance	Number in group at 30 June
Total for key management personnel and their related parties 2026	**11,420**	**-**	**-**	**13,635**	**6**
Total for key management personnel and their related parties 2025	11,420	-	-	11,420	5

No shares were granted to key management personnel during the year as compensation (2025: nil).

The Company has also received deposits from key management personnel and their related entities. These amounts were received on the same terms and conditions as are applicable to members generally.

Key management personnel transactions with the Company or its controlled entities

A number of key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

28 Other related party disclosures

Subsidiaries

Due to the Company and its wholly-owned subsidiaries forming a tax consolidated group, the liability for payments of income tax for all members of the tax consolidated group are the liability of the Company. However, the tax consolidated group has entered into a tax funding agreement as described in Note 1(f). The aggregate amount of loans provided (by)/to the Company (to)/from subsidiaries under the agreement is ($1,394,000) (2025: ($1,180,000)).

The total amount of deposits with the Company by controlled entities at the end of the relevant financial year was $6,381,000 (2025: $5,679,000). The total amount of borrowings with the Company by controlled entities at the end of the relevant financial year was $nil (2025: $nil). These are in accordance with normal commercial terms and conditions.

28 Other related party disclosures (continued)

Securitisation

The Company, through its loan securitisation program, securitises residential and commercial mortgage loans to the Illawarra Trusts (the Trusts) which in turn issue rated securities to investors. The Company holds income and capital units in the Trusts. These income and capital units are held at nominal values. The income units entitle the Company to receive excess income, if any, generated by the securitised assets, whilst the capital unitholder receives, upon termination of the Trust, the capital remaining after all other outgoings have been paid. Investors in the Trusts have no recourse against the Company if cash flows from the securitised loans are inadequate to service the obligations of the Trusts.

Any credit losses are first offset against the excess income payable to the Company, to the extent available, with any shortfalls written off against issued securities.

The securities issued by the Trusts do not represent liabilities of the Company. Neither the Company nor any of its subsidiaries stand behind the capital value and/or performance of the securities or assets of the Trusts.

The Company however does receive payment for services provided to the Trusts, including servicing of the loans, interest rate swaps, loan redraw and liquidity facilities. The Company and IMB Securitisation Services Pty Limited, a controlled entity, receives payment for managing the Trusts. All these transactions are entered into on an arm's length basis between the Company, Trust Manager and the Trusts.

A summary of the transactions between the Group and the Trusts during the year is as follows:

Payments received by the Company	**2026 $000**	2025 $000
Proceeds from the securitisation of loans	**1,270,136**	582,727
Servicing fees received	**5,616**	5,711
Management fees received	**674**	685
Excess income received	**8,210**	9,251
Note interest	**83,131**	90,246
Other	**486**	494

29 Remuneration of auditors

	Consolidated		Company	
	2026 $000	2025 $000	**2026 $000**	2025 $000
Amounts received or due and receivable by KPMG for:				
Audit and review services				
Audit and review of financial statements	**388**	457	**340**	415
Assurance services				
Regulatory audits and review	**63**	60	**46**	46
Other assurance services	**108**	26	**101**	19
Total fees for audit and assurance services	**559**	543	**487**	480
Other services				
Taxation				
- compliance	**40**	31	**40**	31
- advisory	**12**	47	**12**	47
Pre-assurance – sustainability reporting	**68**	-	**68**	-
Accounting advisory	**17**	-	**17**	-
Total fees for non-audit services	**137**	78	**137**	78
Total fees	**696**	621	**624**	558

30 Risk management and financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management Framework

The Board has an overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Board Risk Committee is responsible for developing and monitoring Group risk management policies. The Board Risk Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in strategy, market conditions, and products and services offered. The Company and Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Risk Committee is responsible for monitoring compliance with the Company and Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company and Group. The Board Risk Committee is assisted in its oversight of these functions by the Chief Risk Officer, a centralised risk management function and an independent Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

In addition to the Board Audit Committee and Board Risk Committee, the Group has a number of senior management committees where specific risk management information is overseen. These include the Executive Risk Management Committee which has oversight of all risks encountered by the business, the Assets and Liabilities Committee (ALCO) which is responsible for the governance and oversight relating to balance sheet management activities including funding and liquidity risk, interest rate risk in the banking book (IRRBB), investment risk and capital positioning; the Credit Quality Committee which reviews the risks in the various credit portfolios and the Credit Committee which is responsible for credit approvals which fall outside individual delegated authorities.

Credit risk

Credit risk is the risk of financial loss to the Group if a member or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers, other authorised deposit-taking institutions and investment debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

30 Risk management and financial instruments (continued)

Management of credit risk

The Board has overall responsibility for the establishment and oversight of the Group's credit risk policies. The Board has delegated responsibility for the management of credit risk to the IMB executive. Credit policies are set by the Risk Department, in accordance with risk appetite and with input from the business units. Formal approval of credit policy is retained by the Board.

A separate Origination Services Department and Lending Services Department reporting to the IMB Executive, are responsible for the implementation of the Group's credit risk policies, including:

- drafting of operational guidelines and procedures covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- establishing the authorisation structure for the approval and renewal of credit facilities. Delegated lending authority limits are allocated to credit officers. Transactions outside delegated lending authority limits require approval by the Credit Committee or the Board as appropriate.
- reviewing and assessing credit risk. Origination Services assesses all credit exposures prior to facilities being committed to borrowers. Any facilities in excess of designated limits are escalated through to the appropriate approval level. Renewals and reviews of facilities are subject to the same review process.
- limiting concentrations of exposures to certain Board-approved asset classes.
- providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Treasury is responsible for managing IMB's liquidity investments including making investments, ensuring the Treasury Counterparty Credit Risk Policy is adhered to and compliance with investment guidelines per the Group's liquidity management strategy. The Policies include limiting concentrations of exposures to investment term, asset class and counterparties. IMB's Accounting Department is responsible for monitoring compliance with the Treasury Counterparty Credit Risk Policy.

Regular audits of business units and credit processes are undertaken by the Internal Audit Department.

New ECL model

During the period, the Group adopted a new ECL model, replacing the previous model used in prior periods.

The Group's credit risk management framework and monitoring processes remain unchanged; however, the updated model enhances the measurement of credit risk within this framework.

Compared to the prior model, this has resulted in increased sensitivity to changes in borrower credit quality and economic conditions, with a greater likelihood of earlier identification of significant increases in credit risk and corresponding movement between Stage 1, Stage 2 and Stage 3 exposures. As a result, the measurement of credit risk and associated ECL provisions is more responsive to underlying portfolio risk dynamics.

The measurement of ECL is subject to estimation uncertainty and is sensitive to key assumptions, including forward-looking macroeconomic variables, probability of default term structures, staging thresholds and scenario weightings.

Changes in these assumptions may result in material movements in ECL provisions. For example:

- an increase in unemployment, interest rates or other adverse macroeconomic conditions may increase PD estimates and result in higher ECL;
- increased borrower stress or adverse behavioural indicators may lead to a higher proportion of exposures transitioning from Stage 1 to Stage 2, increasing lifetime ECL; and
- changes in the weighting or severity of forward-looking economic scenarios may significantly impact the overall level of provisioning.

The interrelationship between these variables is complex and non-linear, meaning that relatively small changes in assumptions or borrower behaviour may result in disproportionate changes in ECL. Accordingly, it is not practicable to isolate and quantify the sensitivity of individual assumptions on ECL with sufficient reliability.

30 Risk management and financial instruments (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk under AASB 9 at 30 June 2026:

30 June 2026	Note	Consolidated Loans & advances to customers $000	 Deposits with other ADIs $000	 Investment in debt securities $000	 Cash and cash equivalents $000
Carrying amount	6,7,8,26	**7,597,678**	**197,067**	**1,337,459**	**216,902**
Stage 1: no significant increase in credit risk since initial recognition					
Secured by mortgage - current		7,015,595	-	-	-
Secured by mortgage - less than or equal to 30 days in arrears		80,185	-	-	-
Government securities		-	-	358,066	-
Investment grade		-	138,438	979,393	216,902
Unrated		-	-	-	-
Other		262,557	58,656	-	-
Net deferred income and expenses		16,788	-	-	-
Provision for impairment	10	(4,656)	(27)	-	-
Carrying amount		7,370,469	197,067	1,337,459	216,902
Stage 2: significant increase in credit risk					
Secured by mortgage		184,640	-	-	-
Other		2,494	-	-	-
Provision for impairment	10	(1,987)	-	-	-
Carrying amount		185,147	-	-	-
Stage 3: credit-impaired (or defaulted) loans					
Secured by mortgage		43,722	-	-	-
Other		767	-	-	-
Provision for impairment	10	(2,427)	-	-	-
Carrying amount		42,062	-	-	-
Total carrying amount	6,7,8,26	**7,597,678**	**197,067**	**1,337,459**	**216,902**
Includes restructured loans		8,100	-	-	-

For a definition of stage 1, 2 & 3 refer to Note 1(i).

30 Risk management and financial instruments (continued)

The carrying amount of the Group's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk under AASB 9 at 30 June 2025:

		Consolidated			
		Loans & advances to customers	Deposits with other ADIs	Investment in debt securities	Cash and cash equivalents
30 June 2025	**Note**	**$000**	**$000**	**$000**	**$000**
Carrying amount	6,7,8,26	**6,919,330**	**65,479**	**1,238,906**	**123,997**
Stage 1: no significant increase in credit risk since initial recognition					
Secured by mortgage - current		6,372,540	-	-	-
Secured by mortgage - less than or equal to 30 days in arrears		91,094	-	-	-
Government securities		-	-	145,049	-
Investment grade		-	43,610	1,093,857	123,997
Unrated		-	-	-	-
Other		240,567	21,890	-	-
Net deferred income and expenses		10,809	-	-	-
Provision for impairment	10	(6,654)	(21)	-	-
Carrying amount		6,708,356	65,479	1,238,906	123,997
Stage 2: significant increase in credit risk					
Secured by mortgage		177,663	-	-	-
Other		1,429	-	-	-
Provision for impairment	10	(649)	-	-	-
Carrying amount		178,443	-	-	-
Stage 3: credit-impaired (or defaulted) loans					
Secured by mortgage		32,577	-	-	-
Other		133	-	-	-
Provision for impairment	10	(179)	-	-	-
Carrying amount		32,531	-	-	-
Total carrying amount	6,7,8,26	**6,919,330**	**65,479**	**1,238,906**	**123,997**
Includes restructured loans		3,721	-	-	-

For a definition of stage 1, 2 & 3 refer to Note 1(i).

30 Risk management and financial instruments (continued)

The carrying amount of the Company's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk under AASB 9 at 30 June 2026:

		Company			
		Loans & advances to customers	Deposits with other ADIs	Investment in debt securities	Cash and cash equivalents
30 June 2026	**Note**	**$000**	**$000**	**$000**	**$000**
Carrying amount	6,7,8,26	**7,597,678**	**197,067**	**3,032,663**	**145,345**
Stage 1: no significant increase in credit risk since initial recognition					
Secured by mortgage - current		7,015,595	-	-	-
Secured by mortgage - less than or equal to 30 days in arrears		80,185	-	-	-
Government securities		-	-	358,066	-
Investment grade		-	138,438	2,674,597	145,345
Unrated		-	-	-	-
Other		262,557	58,656	-	-
Net deferred income and expenses		16,788	-	-	-
Provision for impairment	10	(4,656)	(27)	-	-
Carrying amount		7,370,469	197,067	3,032,663	145,345
Stage 2: significant increase in credit risk					
Secured by mortgage		184,640	-	-	-
Other		2,494	-	-	-
Provision for impairment	10	(1,987)	-	-	-
Carrying amount		185,147	-	-	-
Stage 3: credit-impaired (or defaulted) loans					
Secured by mortgage		43,722	-	-	-
Other		767	-	-	-
Provision for impairment	10	(2,427)	-	-	-
Carrying amount		42,062	-	-	-
Total carrying amount	6,7,8,26	**7,597,678**	**197,067**	**3,032,663**	**145,345**
Includes restructured loans		8,100	-	-	-

30 Risk management and financial instruments (continued)

Exposure to credit risk (continued)

The carrying amount of the Company's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk under AASB 9 at 30 June 2025:

		Company			
30 June 2025	**Note**	**Loans & advances to customers $000**	**Deposits with other ADIs $000**	**Investment in debt securities $000**	**Cash and cash equivalents $000**
Carrying amount	6,7,8,26	**6,919,330**	**65,479**	**2,919,095**	**69,249**
Stage 1: no significant increase in credit risk since initial recognition					
Secured by mortgage - current		6,372,540	-	-	-
Secured by mortgage - less than or equal to 30 days in arrears		91,094	-	-	-
Government securities		-	-	145,049	-
Investment grade		-	43,610	2,774,046	69,249
Unrated		-	-	-	-
Other		240,567	21,890	-	-
Net deferred income and expenses		10,809	-	-	-
Provision for impairment	10	(6,654)	(21)	-	-
Carrying amount		6,708,356	65,479	2,919,095	69,249
Stage 2: significant increase in credit risk					
Secured by mortgage		177,663	-	-	-
Other		1,429	-	-	-
Provision for impairment	10	(649)	-	-	-
Carrying amount		178,443	-	-	-
Stage 3: credit-impaired (or defaulted) loans					
Secured by mortgage		32,577	-	-	-
Other		133	-	-	-
Provision for impairment	10	(179)	-	-	-
Carrying amount		32,531	-	-	-
Total carrying amount	6,7,8,26	**6,919,330**	**65,479**	**2,919,095**	**69,249**
Includes restructured loans		3,721	-	-	-

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in relation to interest rate swap contracts, which is limited to the net fair value of the swap agreement at balance date. At 30 June 2026, the Group's derivative financial instruments were in a liability position of ($1,657,000), with no derivative asset recognised. Accordingly the Group had no minimum credit risk exposure in relation to derivative financial instruments at balance date (2025: $718,000).

IMB issues guarantees to business banking clients with a maximum credit exposure of $3,726,000 (2025: $4,272,000). Refer to Note 24 for more details.

Restructured loans have renegotiated terms due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category subject to satisfactory performance after restructuring for a period of at least six months.

30 Risk management and financial instruments (continued)

Exposure to credit risk (continued)

Allowance for impairment

The Group establishes an allowance for impairment losses that represents its estimate of expected losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures subject to individual assessment for impairment, and a collective loan loss allowance established for groups of homogeneous assets in respect of expected credit losses on loans that are not subject to individual assessment for impairment.

Collateral and other credit enhancements

Mortgage loans

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. For residential mortgages, where the loan to value ratio (LVR) is greater than 80%, mortgage insurance contracts are entered into in order to manage the credit risk. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to other ADIs and investment debt securities.

The tables below provide information on credit exposures from residential and commercial mortgage lending by stratifications of LVRs. The LVR is calculated as the ratio of the current balance of the loan to the most recent valuation of the collateral.

	Consolidated		Company	
Residential mortgages	**2026**	2025	**2026**	2025
LVR ratio	**$000**	$000	**$000**	$000
<= 25%	**378,730**	346,064	**378,730**	346,064
>25%<=50%	**1,787,937**	1,614,001	**1,787,937**	1,614,001
>50%<=70%	**2,656,103**	2,371,300	**2,656,103**	2,371,300
>70%<=80%	**1,524,449**	1,324,761	**1,524,449**	1,324,761
>80%<=90%	**370,260**	391,115	**370,260**	391,115
>90%<=100%	**165,991**	185,655	**165,991**	185,655
>100%	**6,133**	7,078	**6,133**	7,078
Total	**6,889,603**	6,239,974	**6,889,603**	6,239,974

	Consolidated		Company	
Commercial mortgages	**2026**	2025	**2026**	2025
LVR ratio	**$000**	$000	**$000**	$000
<= 25%	**22,354**	17,533	**22,354**	17,533
>25%<=50%	**110,599**	110,766	**110,599**	110,766
>50%<=70%	**180,408**	173,252	**180,408**	173,252
>70%<=80%	**109,515**	111,113	**109,515**	111,113
>80%<=90%	**2,281**	5,267	**2,281**	5,267
>90%<=100%	**-**	4,355	**-**	4,355
>100%	**-**	-	**-**	-
Total	**425,157**	422,286	**425,157**	422,286

30 Risk management and financial instruments (continued)

Exposure to credit risk (continued)

Credit-impaired loans

The estimated fair value of collateral and other security enhancements held by the Group against loans and advances to customers at 30 June 2026 that were credit-impaired and not well secured is $2,319,000 (2025: $149,000) with the amount outstanding on these loans being $1,908,000 (2025: $115,000).

Repossessed collateral

In the event of member default on a mortgage facility, any loan security is usually held as mortgagee in possession and therefore the Company does not usually hold any real estate or other assets acquired through the enforcement of security. During the year the Company took possession of property assets with a carrying value of $nil (2025: $330,000).

The Group monitors concentrations of credit risk by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to customers		Deposits with other ADIs		Investment in debt securities		Cash and cash equivalents	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
CONSOLIDATED	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Carrying amount	**7,597,678**	6,919,330	**197,067**	65,479	**1,337,459**	1,238,906	**216,902**	123,997
Concentration by location								
New South Wales	**5,300,079**	5,114,360	**43,128**	42,682	**572,832**	667,629	**212,788**	123,076
Australian Capital Territory	**736,146**	718,283	**58,656**	21,890	**20,134**	-	**897**	788
Queensland	**371,197**	280,506	**-**	-	**315,329**	195,979	**1,003**	-
Victoria	**927,863**	622,427	**95,310**	928	**322,586**	215,299	**2,214**	133
Western Australia	**153,545**	102,972	**-**	-	**9,873**	14,950	**-**	-
South Australia	**76,488**	50,433	**-**	-	**35,242**	-	**-**	-
Tasmania	**41,430**	37,831	**-**	-	**61,463**	145,049	**-**	-
Provision for impairment	**(9,070)**	(7,482)	**(27)**	(21)	**-**	-	**-**	-
Total	**7,597,678**	6,919,330	**197,067**	65,479	**1,337,459**	1,238,906	**216,902**	123,997
COMPANY								
Carrying amount	**7,597,678**	6,919,330	**197,067**	65,479	**3,032,663**	2,919,095	**145,345**	69,249
Concentration by location								
New South Wales	**5,300,079**	5,114,360	**43,128**	42,682	**2,268,036**	2,347,818	**141,231**	68,328
Australian Capital Territory	**736,146**	718,283	**58,656**	21,890	**20,134**	-	**897**	788
Queensland	**371,197**	280,506	**-**	-	**315,329**	195,979	**1,003**	-
Victoria	**927,863**	622,427	**95,310**	928	**322,586**	215,299	**2,214**	133
Western Australia	**153,545**	102,972	**-**	-	**9,873**	14,950	**-**	-
South Australia	**76,488**	50,433	**-**	-	**35,242**	-	**-**	-
Tasmania	**41,430**	37,831	**-**	-	**61,463**	145,049	**-**	-
Provision for impairment	**(9,070)**	(7,482)	**(27)**	(21)	**-**	-	**-**	-
Total	**7,597,678**	6,919,330	**197,067**	65,479	**3,032,663**	2,919,095	**145,345**	69,249

Concentration by location for loans and advances is measured based on the location of the borrower. Concentration by location for loans and advances to other ADIs and investment debt securities is measured based on the location of the counterparty.

30 Risk management and financial instruments (continued)

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement and clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring process.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to efficiently meet both expected and unexpected current and future cash flow commitments under all operating scenarios without negatively affecting the Group's daily operations or its financial condition.

Management of liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity available to meet its liabilities and cash flow demands when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Treasury's balance sheet management function performs cash flow projections to determine future net funding requirements reflective of various expected and alternative market and business conditions. Treasury then maintains a portfolio of liquid assets, largely made up of APRA approved high-quality liquid assets (HQLA), other contingent liquidity and funding sources (self-securitisation assets available as collateral under repurchase agreement and committed funding facilities) and other investment debt securities. This is to ensure that sufficient liquidity is maintained and to avoid large funding mismatches. The liquidity and funding positions are monitored and managed daily.

The Group relies on deposits from members as its primary source of funding. Members' deposits generally have maturities less than one year and a large proportion of them are contractually payable on demand. However, most of these deposits are in transactional, savings and term deposit products that display the operational behaviour of more stable longer term funding sources. In addition, Treasury sources funding as required in the middle and wholesale markets to meet the daily net funding requirements of the Group, although strategically limiting exposure to short-term wholesale funding. The securitisation of residential mortgage loans further supports diversification of the funding base. The Group also have available a number of other contingent funding sources. This includes securitisation warehouse facilities with Westpac and ANZ up to a total limit of $500.0 million (2025: $300.0 million) and securities issued under the Group's self-securitisation program as repurchase eligible securities in the open market or with the RBA during a stress event. The available balance at 30 June 2026 of the securitisation warehouses facilities was $11.4 million (2025: $129.0 million).

To manage its funding and liquidity risk profile, the Group pursues through its funding and liquidity management strategy, a well-diversified funding base in terms of products, maturity terms and funding segment (i.e. wholesale and retail member funding). This is to avoid large concentrations that increases funding liquidity risk and puts a higher demand on the availability of contingent liquidity. This is controlled through funding and liquidity risk limits monitored weekly by senior management and monthly by the ALCO and quarterly by the Board Risk Committee. Mitigation of liquidity risk is further supported by a liquidity stress-testing framework which is reported on a weekly basis with monthly oversight by the ALCO and quarterly by the Risk Committee. Various stress tests measure the liquidity coverage of cash outflows under a variety of scenarios. These stress scenarios reflect various levels of severity in disrupted market and depositor behaviour. The contingency funding plan forms an integral part of the framework that enables the Group to proactively manage its liquidity risk profile under all conditions. All liquidity policies and procedures are subject to oversight and approval by the ALCO and ultimately the Board.

30 Risk management and financial instruments (continued)

Exposure to liquidity risk

A key measure used by the Group for managing liquidity risk is the ratio of HQLA (as defined by APRA) to total adjusted liabilities, excluding any liability elements that qualify as Tier 1 or Tier 2 capital for prudential regulatory purposes. The Group has limits in place to ensure a sufficient buffer above the prudential minimum is held at all times. For the purposes of APRA's prudential minimum liquidity holding requirement the Group holds HQLA including cash, bank deposits on a call basis, securities eligible for repurchase with the RBA and other eligible deposits, as determined by APRA, issued by ADIs, Australian Commonwealth government and State governments. In addition, the Liquidity Coverage Ratio under the APRA APS210 stress test is used to determine the amount of contingent liquidity buffer held is sufficient under the stated stress scenario. The reported Group HQLA ratio to total adjusted liabilities at the reporting date was as follows:

Liquidity ratios At 30 June	**2026** **%**	2025 %
APRA high-quality liquid assets	**18.5**	15.9

Residual contractual maturities of financial liabilities

CONSOLIDATED	At call 2026 $000	At call 2025 $000	Excluding call less than 3 months maturity 2026 $000	Excluding call less than 3 months maturity 2025 $000	Greater than 3 months less than 12 months maturity 2026 $000	Greater than 3 months less than 12 months maturity 2025 $000	Greater than 1 year less than 5 years maturity 2026 $000	Greater than 1 year less than 5 years maturity 2025 $000	Greater than 5 years maturity 2026 $000	Greater than 5 years maturity 2025 $000	Gross nominal outflow 2026 $000	Gross nominal outflow 2025 $000	Total carrying amount 2026 $000	Total carrying amount 2025 $000
Financial Liabilities														
Deposits	**3,324,143**	3,191,130	**2,121,268**	2,475,219	**2,078,019**	1,565,756	**107,412**	51,658	**1**	260	**7,630,843**	7,284,023	**7,498,988**	7,127,065
Trade & Other payables	**-**	-	**89,016**	48,168	**-**	-	**-**	-	**-**	-	**89,016**	48,168	**89,016**	48,168
Securitised loans funding	**-**	-	**79,353**	39,570	**223,613**	104,581	**747,951**	337,928	**273,472**	154,064	**1,324,389**	636,143	**1,145,791**	551,130
Lease liabilities	**-**	-	**1,353**	1,801	**4,004**	5,022	**5,560**	8,543	**254**	668	**11,171**	16,034	**10,946**	15,584
Interest-bearing liabilities	**-**	-	**1,569**	76,342	**4,706**	3,312	**25,217**	17,817	**129,923**	74,433	**161,415**	171,904	**100,199**	145,823
Total financial liabilities	**3,324,143**	3,191,130	**2,292,559**	2,641,100	**2,310,342**	1,678,671	**886,140**	415,946	**403,650**	229,425	**9,216,834**	8,156,272	**8,844,940**	7,887,770
Unrecognised loan commitments			**189,397**	331,720							**189,397**	331,720		

COMPANY	At call 2026 $000	At call 2025 $000	Excluding call less than 3 months maturity 2026 $000	Excluding call less than 3 months maturity 2025 $000	Greater than 3 months less than 12 months maturity 2026 $000	Greater than 3 months less than 12 months maturity 2025 $000	Greater than 1 year less than 5 years maturity 2026 $000	Greater than 1 year less than 5 years maturity 2025 $000	Greater than 5 years maturity 2026 $000	Greater than 5 years maturity 2025 $000	Gross nominal outflow 2026 $000	Gross nominal outflow 2025 $000	Total carrying amount 2026 $000	Total carrying amount 2025 $000
Financial Liabilities														
Deposits	**3,330,524**	3,196,810	**2,121,268**	2,475,219	**2,078,019**	1,565,756	**107,412**	51,658	**1**	260	**7,637,224**	7,289,703	**7,505,369**	7,132,744
Trade & other payables	**-**	-	**59,460**	31,130	**-**	-	**-**	-	**-**	-	**59,460**	31,130	**59,460**	31,130
Securitised loans funding	**-**	-	**102,578**	60,131	**293,267**	161,758	**1,120,717**	642,012	**1,967,826**	1,832,877	**3,484,388**	2,696,778	**2,840,145**	2,229,942
Lease liabilities	**-**	-	**1,353**	1,801	**4,004**	5,022	**5,560**	8,543	**254**	668	**11,171**	16,034	**10,946**	15,584
Interest-bearing liabilities	**-**	-	**1,569**	76,342	**4,706**	3,312	**25,217**	17,817	**129,923**	74,433	**161,415**	171,904	**100,199**	145,823
Total financial liabilities	**3,330,524**	3,196,810	**2,286,228**	2,644,623	**2,379,996**	1,735,848	**1,258,906**	720,030	**2,098,004**	1,908,238	**11,353,658**	10,205,549	**10,516,119**	9,555,223
Unrecognised loan commitments			**189,397**	331,720							**189,397**	331,720		

* Included in this balance are amounts payable to mortgage SPE noteholders. The contractual maturity of the notes is dependent on the repayment of the underlying mortgages.

30 Risk management and financial instruments (continued)

Residual contractual maturities of financial liabilities (continued)

The previous table shows the undiscounted cash flows on the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, at call deposits from members are expected to maintain a stable or increasing balance and unrecognised loan commitments are not expected to be drawn down immediately.

The gross nominal outflow disclosed is the contractual, undiscounted cash flow on the financial liability or commitment. The disclosure for derivatives shows a net amount for derivatives that are net settled.

Market risk

Adverse changes in prices, foreign exchange rates, interest rates and credit spreads of financial instruments will negatively impact the income and value derived from holding such instruments. This is generally referred to as market risk.

The Group's core business activities are centred on making loans, taking deposits and investing in liquid assets (APRA requirement) and other ADI term deposits, only in Australian dollars. The intent is to hold these banking products to maturity and is commonly referred to as the banking book.

The banking book has exposure to adverse changes to interest rates, which will negatively affect the Group's profit in current and future periods derived from net interest income (interest earned less interest paid). This risk is known as interest rate risk in the banking book (IRRBB).

The Group does not conduct any proprietary trading activities (buying and selling securities for short-term capital gains) or operate any trading books that expose it to any other form of market risk.

Management of interest rate risk in the banking book

The Group measures and manages IRRBB from two perspectives (as required by APRA): firstly, from an earnings perspective quantified in terms of potential changes to its net interest income (NII) as reported in the profit or loss; and secondly from an economic value of equity (EVE) perspective, by quantifying the change in the net present value of the balance sheet's future earnings potential. The objectives in managing IRRBB are to optimise the trade-off between earnings and economic value whilst managing the risk within levels which are acceptable by the Board.

Overall authority for managing IRRBB is vested in the risk oversight and governance performed by ALCO. Treasury is responsible for the development of detailed risk management policies (subject to review and approval by the ALCO, Risk Committee and the Board) and for its day-to-day implementation which includes the development and implementation of hedging strategies.

Exposure to IRRBB

Treasury, under the oversight from the ALCO, utilises a number of risk measures to monitor and manage IRRBB exposure from both a NII and EVE perspective. A primary and secondary metric to which Board limits are calibrated are used to make hedging decisions, supported by a range of additional risk metrics and analyses.

Net interest income sensitivity

The primary metric the Group uses to measure and manage IRRBB exposure is the net interest income sensitivity to a 100 basis point move in interest rates. The net interest income model simulates the balance sheet over a 12-month period and derives by how much the NII will change to an instantaneous 100 basis point move in market and product rates. The model assumes the current volume and mix of the portfolio are maintained and applies current observed pricing and margins to the Group's banking products. The model therefore does not incorporate further changes to external variables (i.e. loan growth from member demand for credit etc.) or internal variables (i.e. management actions in terms of changes to product pricing etc.). This captures the impact to the net interest income because of mismatches in the timing and balances of loans and deposits that will reprice to higher and lower rates over the forecast time period.

30 Risk management and financial instruments (continued)

The net interest income sensitivity measure is supported by further analyses and risk metrics that include reprice gap analyses and interest rate scenario stress tests (e.g. Basel standardised rate shocks and historic calibrations) to measure the impact of repricing mismatches in the balance to the Group's net interest income. In addition, the impact to NII from loan prepayments and basis risk (which is a source of IRRBB manifesting from the imperfect correlation in the changes in loan and deposit rates that otherwise have the same repricing characteristics) are measured and monitored by Treasury and the ALCO.

A summary of the earnings risk as measured by NII-sensitivity expressed as a percentage of capital, as at 30 June 2026 follows:

Earnings Risk (Net Interest Income Sensitivity - 100 bps Movement)	2026 %	2025 %
At 30 June	**(3.24)**	(2.59)
Average NII-sensitivity for the period	**(2.89)**	(2.13)
Minimum NII-sensitivity for the period	**(2.55)**	(1.37)
Maximum NII-sensitivity for the period	**(3.24)**	(2.66)

Value-at-risk

Value-at-risk (VaR) is the secondary metric used by Treasury and the ALCO to manage IRRBB exposure and impact from the economic value perspective. The change in the balance sheet's net economic (present) value, also known as the economic value of equity (EVE) is quantified using a historical simulation approach known as HS-VaR. The change in the EVE over a 20-day period is analysed using the past six years (2025: six years) of actual changes in interest rates. The risk is derived at a 97.5% (2025: 97.5%) confidence level. The HS-VaR is an estimate based upon a 97.5% (2025: 97.5%) confidence level that the loss in value of the balance sheet due to interest rate risk over a 20-day period will not be exceeded.

Managing IRRBB exposure from an EVE perspective is further supported with sensitivity and scenario-based stress testing. This includes stressed HS-VaR which applies a one-year holding period and six years of interest rate data.

A summary of the Group's historical simulation VaR position, expressed as a percentage of capital, as at 30 June 2026 and during the year is as follows:

VaR (historical simulation method)	2026 %	2025 %
At 30 June	**1.52**	1.65
Average VaR for the period	**1.63**	1.99
Minimum VaR for the period	**1.40**	1.21
Maximum VaR for the period	**1.82**	4.26

The system-based net interest income sensitivity and HS-VaR model and limits are subjected to review and approval by the Board. Weekly reports on net interest income sensitivity and HS-VaR limit utilisation, stress testing and IRRBB analyses are used by Treasury and reported to senior management and monthly to the ALCO and to the Board Risk Committee on a quarterly basis.

Exposure to other market risks

Credit spread risk (not relating to changes in the obligor/issuer's credit standing) on debt securities held by the Group is subject to regular monitoring by the Executive Risk Management Committee but is not currently significant in relation to the overall results and financial position of the Group.

30 Risk management and financial instruments (continued)

Operational risk

Operational risk is the risk of the direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness.

The operational risk management framework (ORMF) is designed to identify, assess and manage operational risks within the organisation. The key objectives of the ORMF are as follows:

- Understand the operational risks across the organisation.
- Ensure appropriate controls and mitigation are in place to manage the risks within appetite.
- Provide meaningful information to decision-makers.
- Facilitate oversight.
- Encourage a proactive risk management culture.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational risk events, including any remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

These activities are overseen by the Executive Risk Management Committee; while the Risk Function and Legal & Compliance Department provide business units with support and guidance in managing their operational and compliance risks.

Compliance with Group policies is supported by a program of periodic reviews undertaken by Internal Audit. The results of these internal audit reviews are discussed with management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Climate-related risk

'Climate-related risks' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature are being managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as cyclones, floods, bushfire and coastal erosion, and longer-term shifts in climate patterns, such as sustained higher temperature, heat waves, droughts, and rising sea levels. Transition risks arise as a result of measures

30 Risk management and financial instruments (continued)

taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Board Risk Committee is responsible for developing group-wide policies, processes, and controls to incorporate climate risks in the management of principal risk categories. A senior management climate change working group has been established to consider appropriate timeframes in which to set and achieve emissions reduction targets and to develop and implement action plans to:

- Understand and manage the risks of climate change on the Group.
- Reduce the carbon and environmental footprint of the Group's own operations.
- Support members and their communities in the transition to a low-carbon economy.
- Disclose the Group's material climate related risks, impacts and steps being taken.

These climate-related risk disclosures should be read in conjunction with the Sustainability Report, which provides further detail on IMB's governance, strategy, risk management, and metrics and targets for climate-related risks and opportunities.

Fair value

Fair value reflects 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. Quoted prices or rates are used to determine fair value where an active market exists. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If the market for a financial instrument is not active, fair values are estimated using present value cash flows or other valuation techniques.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Financial instruments carried at fair value

- Financial instruments classified as FVOCI are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated based on pricing models or other recognised valuation techniques.
- Derivative instruments used for the purpose of hedging interest rate risk, are carried at fair value. Fair value is measured by a method of forecasting future cash flows, with reference to relevant closing market prices and formula conventions at balance date.

Financial instruments carried at amortised cost

- The fair values of liquid assets and other assets maturing within 12 months approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- The fair value of at-call deposits with no specific maturity is approximately their carrying amount as they are short-term in nature or are payable on demand.
- The fair value of term deposits at amortised cost is estimated by reference to current market rates offered on similar deposits.
- The fair value of variable rate financial instruments, including loan assets and liabilities carried at amortised cost are approximated by their carrying value. In the case of loan assets held at amortised cost, changes in the fair value do not reflect changes in credit quality, as the impact of credit risk is largely recognised separately by deducting the amount of an allowance for credit losses.
- The fair value of fixed rate loans at amortised cost is estimated by reference to current market rates offered on similar loans.
- The fair value of interest-bearing liabilities is approximated at their carrying value being amortised cost base.
- The fair value of securitised loan funding at amortised cost is estimated utilising historical margins due to their non-trading nature.

30 Risk management and financial instruments (continued)

Fair value hierarchy

The following tables show the carrying amount and the fair values of financial assets and financial liabilities under AASB 9, including their levels in the fair value hierarchy.

30 June 2026	Note	Carrying Amount $000	Level 1 $000	Fair Value Level 2 $000	Level 3 $000	Total consolidated $000
Financial assets measured at FVOCI						
Investment in debt securities	6	**1,337,459**	**-**	**1,337,459**	**-**	**1,337,459**
Other investments	9	**-**	**-**	**-**	**-**	**-**
Derivative financial assets held for risk management	11	**-**	**-**	**-**	**-**	**-**
Financial assets at amortised cost						
Cash and cash equivalents	26	**216,902**	**216,902**	-	**-**	**216,902**
Deposits with other ADIs	7	**197,067**	-	**197,067**	**-**	**197,067**
Loans and advances to customers	8	**7,597,678**	**-**	**-**	**7,600,462**	**7,600,462**
Financial liabilities measured at FVOCI						
Derivative financial liabilities held for risk management	11	**1,657**	**-**	**1,657**	**-**	**1,657**
Financial liabilities measured at amortised cost						
Deposits	16	**7,498,988**	**-**	**7,502,159**	**-**	**7,502,159**
Securitised loan funding	17	**1,145,791**	**-**	**1,145,791**	**-**	**1,145,791**
Interest-bearing liabilities	18	**111,145**	**-**	**111,145**	**-**	**111,145**

For an explanation of fair value levels refer to Note 1(b)(v).

30 Risk management and financial instruments (continued)

30 June 2025	Note	Carrying Amount $000	Level 1 $000	Fair Value Level 2 $000	Level 3 $000	Total consolidated $000
Financial assets measured at FVOCI						
Investment in debt securities	6	1,238,906	-	1,238,906	-	1,238,906
Other investments	9	1,069	-	-	1,069	1,069
Derivative financial assets held for risk management	11	718	-	718	-	718
Financial assets at amortised cost						
Cash and cash equivalents	26	123,997	123,997	-	-	123,997
Deposits with other ADIs	7	65,479	-	65,479	-	65,479
Loans and advances to customers	8	6,919,330	-	-	6,930,674	6,930,674
Financial liabilities measured at FVOCI						
Derivative financial liabilities held for risk management	11	-	-	-	-	-
Financial liabilities measured at amortised cost						
Deposits	16	7,127,065	-	7,135,955	-	7,135,955
Securitised loan funding	17	551,130	-	551,130	-	551,130
Interest-bearing liabilities	18	161,407	-	161,407	-	161,407

For an explanation of fair value levels refer to Note 1(b)(v).

Valuation techniques

Financial instruments classified as investment debt securities are valued by a market comparison technique of like securities, using market interest rates and credit trading margins.

Deposits and loans are valued by means of a discounted cash flow model which considers the present value of future cash flow, the discount factors are derived from the term structure of interest rates corresponding to the term of the cash flow being present valued. A yield curve is constructed from benchmark market rates. Also, for fixed rate mortgages cash flows are adjusted for the effect of principal prepayment. Loans and advances to customers, measured at FVTPL due to the no-negative equity guarantee component of these loans, are valued based on assumptions around mortality, property prices and interest rates at balance date and throughout the life of the loan.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on current market rates at the reporting date which incorporate an appropriate credit spread, and were as follows:

	2026 %	2025 %
Loans and borrowings	**4.35 – 4.62**	3.60 – 3.85
Derivatives	**4.50 – 4.62**	3.23 – 3.60

30 Risk management and financial instruments (continued)

Capital management - regulatory capital

The Group's regulator (APRA) sets and monitors capital requirements for the Group as a whole. The Group reports to APRA under Basel III capital requirements and has adopted the standardised approach for credit risk and operational risk.

In implementing current capital requirements APRA requires the Group to maintain a prescribed ratio of total capital to total risk weighted assets.

The Group's regulatory capital is analysed in two tiers:

- Tier 1 capital, consisting of: common equity Tier 1 capital - which includes ordinary share capital, retained earnings, general reserves, property revaluation reserves, unrealised gains and losses on readily marketable securities classified as FVOCI and gains and losses on cashflow hedges; regulatory adjustments to common equity Tier 1 capital; Additional Tier 1 capital; and other additional Tier 1 capital regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; and

- Tier 2 capital, which includes subordinated liabilities, collective impairment allowances and other Tier 2 capital regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Various limits are applied to elements of the capital base. The minimum prudential capital requirements (PCRs) that an ADI must maintain at all times are: a common equity Tier 1 capital ratio of 4.5%; a Tier 1 capital ratio of 6.0%; and a total capital ratio of 8.0%.

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also acknowledged as the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and Company have complied with all externally imposed capital requirements throughout the year.

APRA sets a PCR for each ADI that sets capital requirements in excess of the minimum capital requirement of 8.0%. A key input into the PCR setting process is the Group's internal capital adequacy assessment process (ICAAP). The PCR remains confidential between each ADI and APRA in accordance with accepted practice.

By Instrument issued under paragraph 42 of APS 111 Capital Adequacy – Measurement of Capital, APRA determined that the Group's ordinary shares ceased to be qualify as common equity Tier 1 (CET1).

30 Risk management and financial instruments (continued)

The Group's and Company's regulatory capital position at 30 June was as follows:

	Consolidated		Company	
	2026 $000	2025 $000	**2026 $000**	2025 $000
Tier 1 capital				
Ordinary share capital	**-**	-	**-**	-
General reserves	**25,255**	25,255	**25,255**	25,255
Asset revaluation reserves	**8,037**	10,116	**8,037**	10,116
Retained earnings	**478,919**	450,628	**474,359**	446,499
Current year earnings	**29,697**	29,337	**29,197**	28,906
(Less) capitalised expenses	**(24,386)**	(19,006)	**(24,386)**	(19,006)
(Less) other	**(14,349)**	(13,468)	**(14,352)**	(13,471)
Total	**503,173**	482,862	**498,110**	478,299
Tier 2 capital				
General reserve for credit loss	**17,674**	12,522	**17,674**	12,522
Subordinated debt	**100,000**	70,000	**100,000**	70,000
Total	**117,674**	82,522	**117,674**	82,522
Total regulatory capital	**620,847**	565,384	**615,784**	560,821
Capital requirements (in terms of risk-weighted assets) for:				
Credit risk	**3,418,215**	3,283,469	**3,419,535**	3,284,586
Operational risk	**341,822**	328,347	**341,954**	328,459
Total risk-weighted assets	**3,760,037**	3,611,816	**3,761,489**	3,613,045
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	**16.51%**	15.65%	**16.37%**	15.52%
Total Tier 1 capital expressed as a percentage of risk-weighted assets	**13.38%**	13.37%	**13.24%**	13.24%

31 Subsequent events

Dividends

For dividends declared by IMB Ltd after 30 June 2026 refer to Note 5.

There have been no other events subsequent to the balance date which would have a material effect on the Consolidated Entity's financial statements as at 30 June 2026.

Entity	Principal Activity	Type of entity	Ownership interest 2026 %	2025 %	Country of Incorporation	Australian or Foreign resident
IMB Ltd (the Company)	Financial Services	Body Corporate			Australia	Australia
IMB Community Foundation Pty Ltd	Dormant	Body Corporate	**100.0**	100.0	Australia	Australia
IMB Securitisation Services Pty Limited	Securitisation trust management	Body Corporate	**100.0**	100.0	Australia	Australia
Securitisation SPEs						
Illawarra Warehouse Trust No. 3	Securitisation trust	Trust	n/a	n/a	Australia	Australia
Illawarra Warehouse Trust No. 4	Securitisation trust	Trust	n/a	n/a	Australia	Australia
Illawarra Series IS Trust	Securitisation trust	Trust	n/a	n/a	Australia	Australia
Illawarra Series 2024-1 RMBS Trust	Securitisation trust	Trust	n/a	n/a	Australia	Australia
Illawarra Series 2025-1 RMBS Trust	Securitisation trust	Trust	n/a	n/a	Australia	Australia

On 14 May 2026 all notes of the Illawarra Series 2017-1 RMBS Trust were redeemed in accordance with the clean-up provisions of the trust.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations.

Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2026

1. In the opinion of the directors of IMB Ltd (the Company):

   (a) the financial statements and notes, set out on pages 12 to 78, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Company and the Group as at 30 June 2026 and of their performance for the financial year ended on that date; and

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

   (b) the consolidated entity disclosure statement as at 30 June 2026 set out on page 79 is true and correct; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors draw attention to Note 1 (b) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Wollongong this 26th day of August 2026.

Signed in accordance with a resolution of the directors:

CA Aston
Chair

PJ Fitzgerald
Director

Independent Auditor's Report

To the members of IMB Ltd

Opinion

We have audited the consolidated Financial Report of IMB Ltd (the Group Financial Report). We have also audited the Financial Report of IMB Ltd (the Company Financial Report).

In our opinion, the accompanying Group Financial Report and Company Financial Report of IMB Ltd give a true and fair view, including of the Group's and Company's financial position as at 30 June 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective Financial Reports of the Group and the Company comprise:

- Statements of financial position as at 30 June 2026;
- Statements of profit or loss, Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2026;
- Notes, including material accounting policies; and
- Directors' Declaration.

The Group consists of IMB Ltd (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Reports* section of our report.

We are independent of the Group and the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the Financial Reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in IMB Ltd's annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's and Chief Executive's Address, Directors' Particulars, Directors' Report, and the Sustainability Report.

Our opinion on the Financial Reports does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the specified Sustainability

Disclosures in the Sustainability Report and our related review conclusion.

In connection with our audit of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001;*
- implementing necessary internal control to enable the preparation of Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.

A further description of our responsibilities for the audit of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlwn0y/ar3_2024.pdf This description forms part of our Auditor's Report.

KPMG

KPMG

Brendan Twining

Partner

Sydney

26 August 2026

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Compliance with the Australian Sustainable Reporting Standard and laws and regulations

1.1 About this report

The Sustainability Report has been issued by IMB Ltd (the Company) and its subsidiaries (the Group) for the year ended 30 June 2026. The Group represents the consolidated accounting group comprising IMB Ltd and its subsidiaries, IMB Securitisation Services Pty Limited and IMB Community Foundation Pty Ltd, consistent with the reporting boundary applied in the Group's consolidated financial statements. The Group is a for-profit entity primarily involved in the provision of banking services.

This Sustainability Report has been prepared in compliance with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) and the Corporations Act 2001.

In this report, the Company is required to disclose material information about the climate-related risks and opportunities that could reasonably affect the Group's prospects. The information that an entity is required to disclose is considered to be material if it could reasonably be expected to influence the decisions that primary users of financial reports make on the back of those reports. In the first year of sustainability reporting, the Company has applied the transitional relief granted by AASB S2 and therefore has not disclosed comparative information or Scope 3 greenhouse gas (GHG) emissions in this report. The climate-related disclosures made in this report comply with all the requirements of AASB S2. This report should be read in conjunction with the Group's consolidated financial statements and covers the same reporting period.

1.2 Forward-looking statements

In publishing this Sustainability Report, the Group notes that it contains forward-looking statements (for example, climate projections, scenario analysis outcomes, and emissions reduction targets) which are based on current assumptions and expectations. These forward-looking statements are inherently subject to uncertainties, and actual future conditions and outcomes may differ materially from those anticipated. The Group does not undertake to update any forward-looking statements except as required by law.

1.3 Significant judgements

In preparing these climate-related disclosures, management has applied significant judgement in a number of areas. These judgements include determining the reporting boundary for climate-related disclosures and metrics, identifying which climate-related risks and opportunities are relevant to the Group's business model and strategy, assessing which of those risks and opportunities could reasonably be expected to affect the Group's prospects, and selecting the climate scenarios used in the analysis. Judgement has also been applied in determining whether particular risks and opportunities are sufficiently significant to be included in detailed scenario analysis and disclosure. Refer to section 3.2 for the assessment of climate-related risks and opportunities, section 3.3 for the risk and opportunity assessment and scenario analysis, and section 5 for the related metrics and targets disclosures.

1.4 Estimation techniques and measurement uncertainty

The preparation of this report also requires the use of estimation techniques and assumptions where direct data is incomplete, unavailable or still developing. This includes the use of proxy data, external data sources, scenario-based assumptions and qualitative assessments in measuring or evaluating certain climate-related metrics and impacts. These estimates are subject to measurement uncertainty, and different data sources, methodologies or assumptions could produce different results. The Group will continue to refine its data, methodologies and analysis as information quality and internal capability improve. Refer to section 3.3.3 for the physical risk assessment, sections 5.1 and 5.2 for the measurement approach and activity data, and Table 7 for key data sources and emissions calculation methods.

1.5 Connectivity to the financial statements

This report should be read together with the Group's consolidated financial statements for the year ended 30 June 2026. In preparing these climate-related disclosures, the Group has considered the connectivity between the information presented in this report and the information included in the financial statements, including where climate-related risks and opportunities may reasonably be expected to affect the Group's financial position, financial performance and cash flows.

Where relevant, this includes consideration of the effect of climate-related matters on the assumptions, estimates and judgements applied in preparing the financial statements. References to relevant financial statement disclosures have been included where this assists users to understand those connections.

This report was authorised for issue in accordance with a resolution of the directors on 26 August 2026.

Governance

2.1 Oversight of climate-related risks and opportunities

The Board has ultimate responsibility for the oversight of the climate-related risks and opportunities of the Group. The Board has established a Charter that sets out its governance responsibilities, including its responsibilities for oversight of climate-related risks and opportunities (CRROs), overseeing the setting and implementation of strategy and business plans, approving material decisions, setting risk appetite, ensuring the effectiveness of risk management frameworks and monitoring performance with respect to climate-related issues. The Board has established a sub-committee (the ESG Committee) to assist it to discharge these responsibilities and to support it with identifying, prioritising and responding to sustainability-related risks and opportunities. In addition to the role of the ESG Committee, specific responsibilities for the oversight, monitoring and review of climate-related risks and opportunities are allocated across other Board Committees according to their respective mandates. These responsibilities include climate-related governance, risk management, disclosure, and where relevant, consideration of climate-related matters within remuneration.

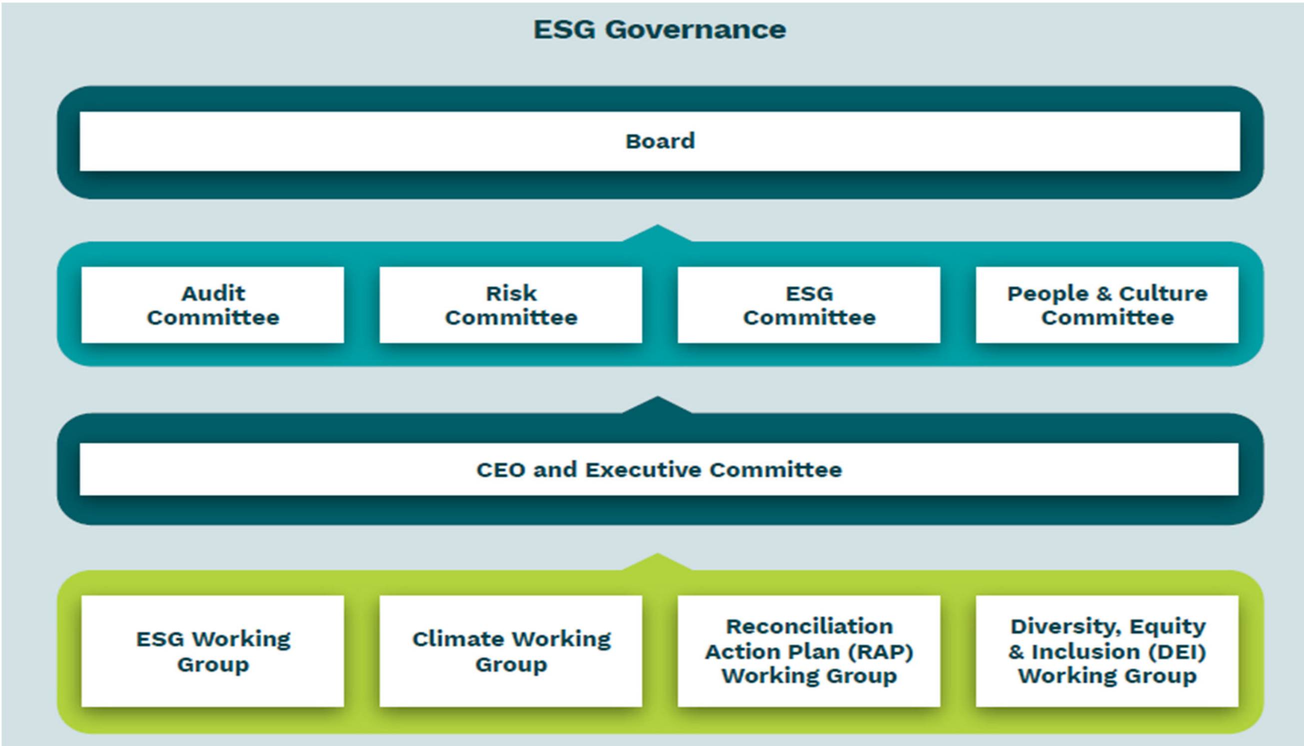
All Board Committees provide formal recommendations and updates to the Board on matters within their remit, including climate-related matters where relevant. The Board is informed about climate-related risks and opportunities through scheduled Board and Committee reporting cycles, including at least annually through the Audit Committee and Risk Committee where climate-related risk, disclosure or assurance matters are relevant, and at least bi-annually through ESG Committee climate-related updates, with more frequent reporting where material developments arise.

These updates are facilitated through Board papers, Committee minutes and standing reports incorporated into Board meeting materials. Board members also have access to all Committee minutes and supporting papers, enabling the Board to consider climate-related risks and opportunities through both direct reporting and Committee escalation processes.

Matters relating to IMB's management of climate-related risks and opportunities are reported through a structured governance information chain, beginning with management analysis and monitoring, progressing through Executive Committee and relevant management working groups, and then being escalated through the ESG Committee, Risk Committee and Audit Committee to the Board as appropriate. Reporting may include formal risk reports, scenario analysis results, progress against climate-related targets, disclosure papers, key risk indicators, and updates on management actions.

Management Working Groups support the implementation of IMB's broader ESG agenda. In relation to climate-related risks and opportunities specifically, the Climate Working Group is responsible for coordinating management activities relating to climate risk assessment, scenario analysis, emissions reduction initiatives, data collection and the preparation of climate-related disclosures.

IMB's climate risk governance structure is embedded within IMB's overall ESG Governance framework and is outlined in Figure 1



The Board takes climate-related risks and opportunities into account when overseeing IMB's strategy by considering whether identified climate-related risks and opportunities could affect the Group's business model, strategic priorities, risk appetite, financial resilience and longer-term prospects. In carrying out this oversight role, the Board considers inputs including climate-related scenario analysis, risk assessments, emerging risk reporting, progress against climate-related targets and proposed management responses. These matters are considered as part of the Board's review of strategic plans, budgets, business plans, capital settings and key strategic initiatives, enabling the Board to challenge management's assumptions and assess whether IMB's strategy remains resilient under different climate-related conditions.

The Board and relevant Board Committees also oversee how climate-related risks and opportunities are considered in material business decisions and transactions. This includes oversight of the incorporation of climate-related considerations into lending standards, portfolio monitoring, investment and treasury decisions, capital allocation and other strategic decisions that may materially affect the Group's business model, financial position or long-term resilience. Where relevant, the Board and Committees consider whether climate-related risks and opportunities could affect the prudence, timing or structure of major decisions, including any material acquisitions, divestments or other significant transactions.

Each Committee operates under a charter that clearly defines their purpose, composition, and responsibilities including any climate-related matters. Each Committee undertakes an annual review of their relevant charter and recommends any changes to the Board as required. Periodically, each Committee undertakes a review of its performance and seeks input from the Board as to its effectiveness and opportunities for future areas of focus.

Audit Committee

The Audit Committee oversees the preparation, reliability and accuracy of IMB Bank's financial reports, including compliance with mandatory climate-related disclosures. The Audit Committee reviews the content of mandatory climate-related disclosures to recommend their approval by the Board, seeks input from the ESG Committee as necessary, and consults with management regarding any climate-related disclosure issues identified by internal or external audit. The Audit

Committee meets four times a year, or more frequently as circumstances dictate.

Risk Committee

The Risk Committee monitors the Bank's risk profile, including emerging risks. The Risk Committee ensures that climate-related risks and opportunities are integrated into IMB Bank's enterprise-wide risk management frameworks and receives and reviews climate related risk reports from management.

The Risk Committee also monitors IMB's compliance with financial services laws and the effectiveness of risk management and internal compliance and control systems throughout the IMB Group. The Risk Committee meets not less than four times per year, or more frequently as circumstances dictate.

ESG Committee

The ESG Committee supports the Board by overseeing climate-related strategy, targets and climate-related disclosures, and by reviewing how climate-related risks and opportunities are incorporated into IMB's strategic planning processes, corporate policies and practices. IMB's Climate Transition Plan (CTP) is still under development and has not yet been finalised or approved. Accordingly, the ESG Committee's role currently includes overseeing the development of the CTP and monitoring the broader climate-related actions, analysis and disclosures that will inform it. The ESG Committee receives structured climate-related reporting from management, including scenario analysis outputs, progress against climate-related targets, key climate-related risk and opportunity updates, and draft disclosure materials. These matters are considered through formal Committee papers and recommendations that are escalated to the Board where Board oversight, challenge or approval is required. The ESG Committee receives climate-related updates at least bi-annually, and more frequently where material developments arise.

People and Culture Committee

The People and Culture Committee has a limited role in climate-related governance, primarily in relation to Board capability, succession planning and, if adopted in future, remuneration settings linked to climate-related objectives.

2.2 Board experience, skills and education

The Board seeks to ensure that it collectively maintains the skills, experience and knowledge necessary to oversee IMB's strategy for responding to climate-related risks and opportunities, including climate-related governance, risk management, scenario analysis, transition planning and climate-related disclosures. The Board has established a Skills Matrix that identifies the capabilities considered necessary for effective Board oversight, including capabilities relevant to climate-related risks and opportunities.

The Skills Matrix is developed and periodically refreshed having regard to IMB's strategic priorities, risk profile, regulatory obligations and the responsibilities allocated to the Board and its Committees. It is evaluated through periodic assessment of the Board's collective skills and experience, including consideration of emerging areas of focus such as climate-related governance and oversight. This assessment is used to determine whether the Board is adequately skilled to oversee IMB's response to climate-related risks and opportunities and to identify any capability gaps requiring further development. Where gaps or development needs are identified, these are addressed through Board succession planning, targeted education, ongoing Board development and, where appropriate, the use of external advisers and subject matter experts.

To view the biographies of IMB's directors, refer to the Our Board section within IMB Bank's annual report.

The Board has implemented a structured education program to enhance its oversight of climate-related risks and opportunities. This includes workshops, external expert sessions, ad hoc updates on regulatory changes and market developments and annual skills matrix reviews. Progress is monitored by the People and Culture Committee and reported to the Board. All directors completed climate governance training in FY26, ensuring alignment with AASB S2 requirements.

2.3 Management's role in the governance process

At a management level, the CEO and Executive Committee are accountable for implementing IMB's climate-related strategy and for managing climate-related risks and opportunities within the governance settings approved by the Board. Their role includes reviewing climate-related analysis, overseeing the preparation of climate-related disclosures, monitoring progress against climate-related targets and action plans, and considering management responses to emerging climate-related matters. The Board, supported by the ESG Committee and other relevant Board

Committees, oversees this role through regular review of management reporting, recommendations and escalation of material matters.

IMB Bank's Climate Working Group (CWG) is comprised of employee representatives responsible for overseeing three streams of work related to climate change:

- understanding the risk of climate change on IMB's operations and lending portfolio
- consideration of how IMB can support the transition to a low carbon economy, particularly through product-related initiatives
- reducing the carbon and environmental footprint of our own operations

The CWG meets bi-monthly and reports to the Executive Committee on a quarterly basis. Relevant stakeholders across the business are allocated tasks by the CWG to enhance business operations relevant to IMB Bank's climate-related disclosures and emissions reduction targets.

2.4 Remuneration policies

Climate-related operational targets have been developed, including targets relating to Scope 1 and Scope 2 operational emissions reduction and renewable electricity sourcing. However, no climate-related performance measures currently exist within IMB's remuneration policies or executive and senior management remuneration arrangements, and there is currently no link between these operational climate-related targets and remuneration outcomes.

IMB's remuneration framework is linked to the drivers of its broader business strategy, with strategic drivers reflected in short-term incentive (STI) performance measures that link executive incentives to performance. While IMB has an existing climate-related strategic approach that informs current action and decision-making, the Group's formal Climate Transition Plan and any associated remuneration performance measures have not yet been finalised, approved or incorporated into remuneration arrangements. The application of the Remuneration Policy is overseen by the People and Culture Committee. IMB has not yet determined whether climate-related measures will be incorporated into remuneration arrangements in future. Further details on FY26 remuneration outcomes are provided in Note 27 Related Party disclosures to the financial statements.

Strategy

3.1 Summary of Climate-related strategy

We recognise that climate change presents both risks and strategic opportunities that may influence our ability to deliver long-term member value. IMB is taking steps to manage the environmental impact of its operations and to consider how climate-related risks and opportunities may affect its business, strategy and members over time.

Our strategy focuses on reducing our carbon footprint, aligning with the objectives of the Paris Agreement to limit global warming to 1.5 degrees Celsius and the responsible global transition to net zero emissions by 2050.

IMB's strategy supports this objective by reducing emissions from its own operations, sourcing renewable electricity, integrating climate-related risks and opportunities into governance, risk management and strategic planning, and progressing a Climate Transition Plan to provide a more integrated framework for managing transition-related risks and opportunities over time.

3.2 Assessment of Climate-related Risks and Opportunities

Generally, there are two sources of climate-related risks that should be accounted for:

- **Physical climate risks** include both acute physical risks, arising from the increased frequency and severity of extreme weather events such as floods, storms, cyclones and bushfires, and chronic physical risks, arising from longer-term changes in climate patterns such as rising temperatures, sea level rise and changing precipitation patterns. These risks can result in direct damage to assets or property, changes to income and costs, and changes to the cost and availability of insurance.
- **Transition climate risks** include risks related to a transition to a lower-emissions economy, such as changes in domestic and international policy and regulatory settings, technological innovation, social adaptation and market changes, which can result in changes to costs, income, and profits, as well as investment preferences and asset viability.

Through our Climate Working Group, IMB applies an ongoing process to identify, assess and monitor climate-related risks and opportunities. This process will continue to be refined over time as experience is gained, data quality improves and methodologies develop.

Future enhancements are expected to improve IMB's ability to identify, assess and manage climate-related risks and opportunities in a more entity-specific and decision-useful way as experience is gained and methodologies mature.

3.2.1 Risk assessment and scenario analysis

In 2025, we completed a comprehensive assessment of the climate-related risks and opportunities (CRROs) across our business. This assessment first considered physical and transition climate factors that have the potential to influence our strategy, business model and financial performance either in the short, medium or long term. Following this initial assessment, we identified the CRROs that were assessed as most relevant to our business model and to the banking sector for inclusion in a detailed scenario analysis.

The scenario analysis involved considering the potential impact and significance of each risk and opportunity to our value chain under different climate scenarios and time horizons, as well as evaluating their current and anticipated financial impacts and how we can mitigate or adapt to them.

3.2.2 Scenarios

For the purpose of our scenario analysis, we selected two distinct scenarios which represent plausible future climate pathways. The first represents a low emissions scenario where there is a coordinated and effective global transition to net zero by 2050, and the second represents a high emissions scenario where the trajectory of climate action reflects what would occur if current policies remained unchanged. These scenarios are aligned with the Network for Greening the Financial System (NGFS) framework, which is widely adopted across the financial sector to ensure consistency and comparability of climate analysis. Detailed definitions of these scenarios are provided in Table 1. Further scenarios may be considered as IMB's climate risk framework matures.

Table 1. Scenarios for climate-related risks and opportunities

Title	Low Emissions	High Emissions
Description	Low emissions scenario assumes a coordinated and effective transition that limits global warming to 1.5°C through stringent climate policy, rapid technology adoption and net zero CO_2 emissions around 2050.	High emissions scenario assumes limited additional climate policy action beyond current settings, with emissions remaining elevated for longer, global warming reaching around 3°C by 2100, and physical climate risks becoming more severe over time.
Rationale for selection	Aligns with sections s296D(2B)(b) of the Corporations Act 2001 and s3(a)(i) of the Climate Change Act to include a scenario that assumes an increase in global average temperature limited to 1.5 degrees Celsius above pre-industrial level.	Aligns with sections s296D(2B)(a) of the Corporations Act 2001 and s3(a)(ii) of the Climate Change Act to include a scenario that assumes an increase in global average temperature well exceeding 2 degrees Celsius above pre-industrial level.

3.2.3 Time Horizons

The assessment of climate-related risks and opportunities under each scenario has been considered across short-, medium- and long-term time horizons. These time horizons have been selected having regard to the planning horizons used by IMB for strategic planning and longer-dated considerations relevant to capital allocation, portfolio resilience and the expected timing of climate-related transition and physical impacts. IMB's strategic planning processes remains the primary internal planning cycle used for business and capital decisions.

For the purposes of climate-related scenario analysis, 2030 has been used as the short-term anchor point because it falls within a period that is relevant to current strategic and financial planning decisions and to the timing of existing climate-related targets and external policy milestones. The 2040 medium-term time horizon has been selected to assess how risks and opportunities may evolve beyond IMB's current planning cycle but within a timeframe that remains relevant to strategic repositioning and portfolio management. The 2050 long-term time horizon aligns with Australia's whole-of-economy net zero objective and is relevant to the longer-dated effects of climate change and the resilience of IMB's business model, lending portfolio and strategy over time. A summary of the selected time horizons for the scenario analysis is outlined in Table 2.

Table 2. Time horizons for scenario analysis

Time Horizon	Short-term	Medium-term	Long-term
	2030	2040	2050
Rationale	Aligned to IMB's strategy and strategic priorities.	Accounts for significant changes in transition scenarios that may materialise between 2030 and 2050.	Aligned with Australia's whole-of-economy Long-Term Emissions Reduction Plan to achieve net zero emissions by 2050.

3.2.4 Value Chain

Each risk and opportunity was also classified by the value chain stage it is most relevant to and the geographical location it covers. Table 3 provides definitions to describe the value chain stages that are referenced in the analysis.

Table 3. Value chain stages for scenario analysis

Value Chain Stage	Definition
Operations	Impacts the activities directly controlled by IMB, including our branches, offices, digital channels and internal business operations.
Upstream	Indirect impacts associated with the inputs that enable our operations, including our suppliers, service providers and funding sources.
Downstream	Indirect impacts associated with our outputs, including our lending and investment activities.
All	Impacts the entire value chain, either directly or indirectly.

3.3 Identified climate-related risks and opportunities

This section identifies the climate-related risks and opportunities assessed as most relevant to IMB's business model, strategy, financial position and prospects. The outcomes of that assessment are then summarised in section 3.3.5.

IMB considered the nature of the matter and the magnitude of its actual or potential effects, or both, in the context of IMB's climate-related financial disclosures. Matters may therefore be considered as material information to users because of their scale, their strategic or financial significance, their relevance to IMB's business model or prospects, or because their nature makes them important to users' understanding of climate-related risks and opportunities, even where quantitative measurement remains limited. This assessment has been applied in determining which climate-related risks and opportunities are disclosed in Table 5.

3.3.1 Physical climate-related risks

Our assessment of climate-related physical risks considers the current and anticipated effects of changing weather patterns and the increasing frequency and severity of natural hazards such as floods, storms, cyclones and bushfires.

In assessing physical climate-related risk, IMB first considered how physical hazards could affect its business model and value chain more broadly, including direct impacts on its own operations and indirect impacts through lending exposures. This assessment indicated that, while physical hazards could affect branches, offices and service delivery, the most significant potential exposure within IMB's business model was through its lending activities, particularly the residential mortgage portfolio, given its size and the dependence of credit quality, collateral values and insurance affordability on the resilience of underlying properties. On that basis, IMB selected the residential mortgage portfolio as the most relevant area for more detailed physical risk assessment in the current reporting period.

3.3.2 Physical risk assessment

IMB assessed physical climate risk exposure within its Australian residential mortgage portfolio using externally sourced hazard risk and home insurance affordability data. The assessment considered both insured and uninsured physical perils at an individual property level.

This assessment was performed across the Low Emissions and High Emissions scenarios and across the short-term (2030), medium-term (2040) and long-term (2050) time horizons described in section 3.2.3.

The following criteria were used to assess assets vulnerable to physical risks:

- Insurable perils (bushfires, cyclones, floods and storms) were assessed based on increasing expected costs of damage to the property from insured perils, the affordability of insurance for the household, the impact of increasing insurance costs on household budgets and loan serviceability, and the potential impacts on property values and climate-adjusted loan-to-value ratios.
- Uninsurable perils (coastal erosion, coastal inundation and heat stress) were assessed using the following criteria:
  - Coastal erosion: Properties were assessed by reference to distance from the coast, elevation and erosion risk banding.
  - Coastal inundation: Properties were assessed for exposure to inundation risk under current and future climate conditions using elevation data and Extreme Sea Level Rise.
  - Heat stress: Heat stress refers to prolonged or more frequent exposure to high heat conditions that may affect property habitability, energy costs, labour productivity, borrower serviceability and property values.

    Future risk thresholds considered the projected number of days above 28°C wet bulb globe temperature and the projected increase in those days under the climate scenarios compared to current day.

The risk assessment combines indicators for uninsured peril exposure and insured perils, measured by home insurance affordability (HIA, which is the ratio of the home insurance premium to gross household income) and serviceability impact (SI, which is the increase in insurance premium as an equivalent interest rate shock) and climate-adjusted loan-to-value ratio to inform the assessment of loss given default (LGD) and probability of default (PD) credit risk.

This assessment groups loans and properties that are cross-collateralised, so that physical climate risk is assessed at the level at which the lender has recourse to the borrower's combined security. The assessment is performed using property-level physical risk models, with results summarised at the portfolio level and, where relevant, at postcode level.

Figure 2 Physical risk assessment matrix

Figure 2 illustrates the decision matrix used to combine these indicators and assign relative physical risk categories across the portfolio.

Increasing LGD

Increasing PD

Coastal inundation	Coastal erosion	Heat stress	Insured perils*	Adjusted LVR < 60%	Adjusted LVR 60-80%	Adjusted LVR 80-100%	Adjusted LVR > 100%
Yes	High/Very High	> 50 days above 28° AND >50% increase		Low Risk	Medium Risk	High Risk	High Risk
No	Medium	40-50 days above 28° AND >50% increase		Low Risk	Medium Risk	Medium Risk	High Risk
No	< Medium	< 50% increase	HIA > 5% AND SI > 1%	Low Risk	Low Risk	Medium Risk	High Risk
No	< Medium	< 50% increase	HIA < 5% SI >1% OR HIA > 5% SI <1%	Low Risk	Low Risk	Low Risk	Medium Risk
No	< Medium	< 50% increase	HIA < 5% AND SI <1%	Very Low Risk	Very Low Risk	Very Low Risk	Low Risk

*HIA = Home Insurance Affordability
SI = Serviceability Impact

For coastal erosion, medium, high and very high describe the relative physical hazard based on the proximity of the property to the coastline and its elevation. Very high risk means the property is less than 5 metres above sea level and less than 70 metres from the coast. High risk means the property is 5 to 10 metres above sea level and less than 70 metres from the coast. Medium risk means the property is less than 5 metres above sea level and between 70 metres and 150 metres from the coast.

For heat stress, a 50% increase means the projected number of days in a year with wet bulb globe temperature above 28°C is at least one-and-a-half times the current number of such days. For example, if a location currently experiences 30 days above the threshold, a 50% increase would mean 45 or more days in the future. Wet bulb globe temperature (WBGT) is a measure of heat stress that combines temperature and humidity to indicate how hot conditions feel to the human body. It is relevant because high humidity reduces the body's ability to cool itself through sweating, meaning WBGT can provide a better indication of heat-related stress than air temperature alone.

The following table summarises the projected residential mortgage exposure assessed as medium or high physical risk under the low emissions and high emissions scenarios, showing both the dollar amount of exposure and the corresponding proportion of the portfolio across the current period and the selected time horizons.

Table 4. IMB's residential mortgage loan exposure at 31 March 2026 with Medium or High physical risk under each scenario

Scenario	Current (Actual)	Short-Term	Medium-Term	Long-Term
Low emissions - $m	3	3	3	3
Low emissions - %	0.05%	0.05%	0.05%	0.05%
High emissions - $m	3	9	21	139
High emissions - %	0.05%	0.1%	0.3%	1.8%

**Data sourced from Finity Consulting Pty Ltd's Finperils models. Results reported based on 99.3% of the IMB residential properties in the portfolio.*

As shown above, the assessed exposure of IMB's residential mortgage portfolio to medium or high physical risk is currently limited under both scenarios, but it increases over time under the high emissions scenario and over the medium- and long-term horizons. This reflects the way physical climate risk is expected to emerge progressively as hazard intensity, insurance affordability pressures and property prices change over time. Current and anticipated financial effects from physical risk have been assessed for the residential mortgage portfolio using the quantitative physical risk assessment described above. No material current financial effects were identified in the reporting period under the scenarios considered. On that basis, IMB's current view is that physical climate risk is not expected to result in a material adjustment to the carrying values of residential mortgage assets or to have a material impact on profit or cash flows as at 30 June 2026, although relative exposure increases over the medium and longer term in the high emissions scenario and will continue to be monitored.

Based on that assessment, IMB has not identified material current financial effects from physical climate risk in the residential mortgage portfolio, and anticipated effects are currently expected to remain limited in the short term, subject to ongoing monitoring and refinement of data and methodologies.

3.3.3 Transition climate-related risks and opportunities

Transition climate risks arise from the global shift toward a low-emissions economy. These include policy and regulatory changes, advances in technology, evolving market preferences, and increasing expectations from investors and the community.

Together, these factors can influence IMB across our value chain and we recognise the need to monitor them and respond when transition risks develop.

The transition to a low-emissions economy may also present potential opportunities for IMB over time. These opportunities may include changes in member demand, product development, operational efficiency or access to funding.

However, based on the assessment performed for the current reporting period, IMB has not identified any climate-related opportunities that are sufficiently significant to its prospects to require detailed disclosure. IMB will continue to monitor potential opportunities as market conditions, member expectations, policy settings and internal capabilities evolve.

3.3.4 Transition risk and opportunity assessment

Each identified climate-related risk and opportunity was assessed qualitatively across the scenarios and time horizons described above. The assessment considered the nature of the risk or opportunity, the part of IMB's business model or value chain to which it relates, its potential relevance to IMB's strategy, business model and financial position, and the likely timing of its effects. Qualitative ratings from low to high were used to provide directional insight into the relative significance of each identified climate-related risk and opportunity. Quantitative analysis of climate-related financial effects has not been undertaken in this initial iteration because current data and internal capability are not yet sufficient to support reliable estimates without undue cost or effort.

Not all identified climate-related risks and opportunities are included in detailed disclosure in Table 5 below. IMB used judgement to determine which identified risks and opportunities were sufficiently relevant to disclose in detail, having regard to whether they could reasonably be expected to affect the Group's prospects and to the nature or magnitude of their potential effects in the context of IMB's climate-related financial disclosures. In general, identified risks and opportunities assessed as low across all scenarios and time horizons were not included in Table 5.

However, some items were retained in the analysis and continue to be monitored where they are not currently assessed as significant but could become more relevant under plausible future scenarios or as data, methodologies and external conditions evolve.

During the review process, some identified transition risks and opportunities were refined, reclassified or not included in detailed disclosure to improve consistency and avoid overlap. For example, insurance affordability was presented as part of physical risk rather than transition risk, reflecting its closer connection to physical hazard exposure. Considerations relating to certain opportunities, such as potential growth from climate-aligned products or services, were identified but are not currently disclosed as climate-related opportunities because they are not presently assessed as sufficiently significant to IMB's prospects.

IMB did not identify any specific trade-offs between climate-related risks in the current reporting period that were assessed as requiring separate disclosure in relation to the Group's strategy.

3.3.5 Findings of the scenario analysis

Table 5 summarises the climate-related risks that IMB identified as most relevant to its business model, strategy and prospects based on the scenario analysis described above. For each risk, the table shows the part of IMB's value chain in which the risk is primarily concentrated and the time horizon in which the risk is expected to arise or be most relevant, being short term (2030), medium term (2040) or long term (2050). For IMB, the climate-related risks currently disclosed are concentrated primarily in operations for regulatory, disclosure and conduct-related transition risks, and in downstream lending exposures for physical risks affecting the residential mortgage portfolio.

The table also describes the current and anticipated effects of those climate-related risks on IMB's business model and value chain, and on its financial position, financial performance and cash flows.

The traffic-light ratings provide a directional summary of the relative significance of each climate-related risk under the relevant scenario and time horizon, based on IMB's assessment of likelihood and financial consequence. Green indicates a low assessed risk, where any financial consequence is expected to be limited, manageable through existing controls and not material to the Group's financial position, financial performance or cash flows. Amber indicates a medium assessed risk, where the financial consequence could be moderate, emerging or subject to greater uncertainty, and may require further monitoring, management action or additional analysis, but is not currently expected to be material. Red indicates a higher assessed risk, where the financial consequence could be more significant if the risk crystallises, may require active mitigation and Board oversight, and has a greater potential to affect the Group's financial position, financial performance or cash flows over the relevant time horizon.

Current financial effects were not assessed as material in the reporting period. For physical risk, the assessment is informed by quantitative analysis of the residential mortgage portfolio, which indicates that current exposure to medium or high climate physical risk is limited but increases over time under higher emissions settings, with emerging exposure driven primarily by uninsured perils, particularly heat stress (refer Table 4). For transition risks, financial consequence was determined using the impact type most relevant to each risk and the scenario indicators in IMB's qualitative scenario analysis. Carbon pricing consequence was assessed by applying the relevant scenario carbon price to estimated Scope 1, Scope 2 and, where applicable, Scope 3 emissions to estimate potential annual cost exposure. Greenwashing and reputational transition risks were assessed using IMB's risk consequence definitions for regulatory breach, reputation, member and financial impacts, including the potential for penalties, higher operating costs, reduced revenue, loss of customers or adverse effects on wholesale funding relationships. Anticipated effects are described qualitatively over the short, medium and long term, having regard to the relevant risk rating, the area of the business model or value chain affected, and existing mitigation and adaptation actions.

Table 5. Scenario Analysis finding

Category	Type	Risk/Opportunity	Scenario Analysis							Financial Impact		Mitigation/Adaptation Efforts
			Stage	Low Emissions			High Emissions			Current	Anticipated	
				Short	Medium	Long	Short	Medium	Long			
Physical	**Acute & Chronic**	Climate-related physical risk from a selection of natural perils (floods, storms, cyclones and bushfires) on IMB's residential mortgage loan portfolio	Downstream	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	No material current financial impacts identified in the reporting period. The expected credit loss associated with IMB's exposure ranges from nil to $0.4m and included as part of IMB ECL Model Risk overlay (see Note 10 Provision for impairment – expected credit losses – model risk overlay to the financial statements).	Physical climate events may result in damage to properties within our mortgage loan portfolio. However, with the geographic diversification of mortgage properties, minimal exposure to cyclone regions, environmental risk assessments incorporated in the security valuations, and a requirement that all securities are adequately insured. The expected credit loss from IMB's exposure ranges from $nil to $1.8m by 2050 (see Note 10 Provision for impairment – expected credit losses – model risk overlay to the financial statements).	• Geographic diversification or mortgaged properties prevents a single weather event in a region from materially impacting our portfolio • Environmental risk assessments are incorporated in the security valuations at origination • All securities are required to be adequately insured • Limits on high loan-to-value ratio (LVR) lending
Transition	**Policy & Legal**	Regulation may be introduced that establishes a price on carbon in Australia resulting in increased compliance costs for IMB Bank.	All	Medium Risk	High Risk	Low Risk	Low Risk	Low Risk	Low Risk	No material current financial impacts identified in the reporting period	Under a low emissions scenario, a regulated carbon price could increase operating expenses through direct emissions costs and supplier cost pass-through. The anticipated financial impact is assessed as medium in the short term because carbon price assumptions indicate a plausible increase in annual cost exposure, particularly if broader Scope 3 emissions were captured, although IMB's Scope 1 and Scope 2 target and renewable electricity sourcing reduce direct operational exposure. The impact increases to high in the medium term as the scenario carbon price rises materially and transitional policy intensity is assumed to increase. By the long term, the impact reduces to low as economy-wide decarbonisation is assumed to reduce emissions exposure, lowering the potential cost base to which a carbon price would apply. Under a high emissions scenario, no regulated carbon price is envisaged and the anticipated financial consequence is insignificant.	• Operate on 100% renewable energy • Engage key suppliers to strengthen environmental performance and manage potential cost pass-through risk
		Increased scrutiny from regulators about greenwashing claims, resulting in increased risk of legal action against IMB and potential financial penalties, as well as negative reputational impacts and loss of customers.	All	Low Risk	Medium Risk	High Risk	Low Risk	Low Risk	Low Risk	No material current financial impacts identified in the reporting period	Under a low emissions scenario, increased reporting obligations and sustainability-related claims may increase exposure to regulatory scrutiny and greenwashing allegations over time. The anticipated effect is assessed as low in the short term because IMB's existing compliance and disclosure review processes reduce the likelihood of unsupported claims and current climate-related disclosures remain relatively limited. The effect increases to medium in the medium term as mandatory reporting matures, stakeholder scrutiny increases and IMB expands climate-related disclosures, targets and transition planning activity. By the long term, the effect is assessed as high because expectations for substantiated climate commitments, progress against targets and alignment with broader transition pathways are expected to be more demanding, increasing the potential for financial penalties, additional compliance costs and reduced revenue from reputational impacts if a claim crystallises. Under the high emissions scenario, the anticipated financial consequence is lower because regulatory and stakeholder scrutiny is assumed to be less intense.	• Maintain robust sustainability governance structure through Board ESG Committee and management working groups • Continue to undertake independent assurance of sustainability disclosures • Upskill staff and Board members with respect to greenwashing

Key High Risk Medium Risk Low Risk

Category	Type	Risk/Opportunity	Scenario Analysis							Financial Impact		Mitigation/Adaptation Efforts
			Stage	Low Emissions			High Emissions			Current	Anticipated	
				Short	Medium	Long	Short	Medium	Long			
	Reputation	Failure to meet consumer expectations for sustainability or climate action by not setting ambitious enough climate commitments, or not achieving stated climate commitments, resulting in damage to IMB's reputation.	All	●	●	●	●	●	●	No material financial impacts identified in 2026. No material current financial impacts identified in the reporting period	Under a low emissions scenario, higher public, member and investor expectations for climate action could increase reputational risk if IMB is perceived not to meet stated commitments or broader expectations. The reviewed residual rating is medium because IMB's existing Scope 1 and Scope 2 targets, ESG governance, disclosure processes and market monitoring are expected to reduce the financial consequence to a minor level, although impacts could include reduced revenue from lower member acquisition or increased member defection if the risk crystallised. Under a high emissions scenario, the anticipated financial consequence is lower because stakeholder expectations are assumed to remain less demanding.	• Continue to reduce our environmental footprint and support our members as they adapt to a lower-emissions future • Continue to promote community and sustainability initiatives through the IMB Community Foundation • Integrate environmental objectives within brand and member communications • Understand consumer expectations through incorporating climate elements in member surveys

Key ● High Risk ● Medium Risk ● Low Risk

Assumptions

(1) A full climate-related scenario analysis was conducted in the 2026 reporting year and this table includes the most material risks and opportunities that were identified in the analysis.

(2) Government policy settings in Australia are assumed to evolve in line with current national commitments to achieve net zero emissions by 2050 under the 'Low Emissions' scenario and are assumed to remain unchanged under the 'High Emissions' scenario

(3) Economic growth, inflation and interest rate trajectories are assumed to align with plausible long-term pathways consistent with the two climate scenarios applied, capturing potential variations in economic activity under each scenario

(4) Local factors such as population growth, demographic trends, land use and weather patterns are assumed to remain broadly consistent with long-term historical trends

(5) Australia's energy system is assumed to continue transitioning toward higher shares of renewable generation, with the rate of change being high under the 'Low Emissions' scenario and low under the 'High Emissions' scenario

(6) Advances in low-emissions technologies are assumed to accelerate in the 'Low Emissions' scenario, reducing transition costs and supporting demand for climate-efficient assets, while progress is slower and more uneven under the 'High Emissions' scenario

(7) The definition of ECL does not follow the definition used under AASB S9 for performing loans to cover for one year losses. It is assumed that the mortgagee will sell the property if they have negative equity in the event of a climate-related physical event, which is a slightly more conservative approach.

(8) The scenarios applied in this assessment are uniform across both physical and transition risks. The quantitative physical risk assessment discussed at 3.3.2 was conducted under a high and low emissions scenario based on Representative Concentration Pathways (RCP) and associated Shared Socio-economic Pathways (SSP) as described in the Fifth Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC). Whilst not perfectly aligned with the scenarios used in this analysis, the qualitative conclusions are consistent across all scenarios

3.4 Strategy and decision-making

IMB considers climate-related risks and opportunities as part of its broader approach to managing change, uncertainty and emerging risks through its governance, risk management and strategic planning frameworks. In this context, climate resilience refers to IMB's capacity to identify, assess and respond to climate-related risks and opportunities in a manner consistent with its business model, risk appetite and prudential obligations as a regulated authorised deposit taking institution (ADI).

IMB assesses its climate resilience by considering the potential impacts of both physical climate risks and transition climate risks on its strategy, business model and financial position across the short, medium and long term. This assessment is informed by climate-related scenario analysis undertaken at a level of sophistication that is commensurate with the size, nature and complexity of IMB's operations, consistent with the requirements of AASB S2.

Based on the scenario analysis undertaken to date, IMB has not identified impacts that would currently be expected to undermine the viability of its business model or strategy under the scenarios assessed, particularly in the short to medium term. This does not mean that no response is required. Rather, the analysis has informed IMB's ongoing consideration of how climate-related risks and opportunities may affect lending, portfolio monitoring, capital planning, operational emissions reduction, disclosure readiness and broader strategic planning over time. The climate-related risks identified are currently being considered through IMB's existing strategic plans, risk controls and governance processes. However, IMB acknowledges significant uncertainty in the longer term, including the potential for more severe physical impacts, different policy settings, and changes in data quality, assumptions and methodologies. IMB will continue to review and refine its assessment as its climate-related risk management capabilities and available information develop. The climate resilience assessment has informed IMB's current strategic response to climate-related risks and opportunities. Based on the analysis undertaken to date, IMB has not identified a need for a fundamental change to its business model, but it has identified a number of areas requiring continued management attention and capability uplift. These include continuing to integrate climate-related considerations into lending standards and credit risk processes where relevant, progressing climate-related data and scenario analysis capability, advancing operational emissions reduction initiatives and supporting the development of IMB's Climate Transition Plan.

At this stage, IMB has not made material changes to its business model or capital allocation specifically as a result of the climate resilience assessment, although climate-related activities during the reporting period have been supported through operating expenditure and internal management resources. IMB's response includes both direct mitigation and adaptation actions, such as reducing operational emissions and improving climate-related governance and disclosures, and indirect actions, such as enhancing risk management, portfolio oversight and strategic planning processes. In assessing climate resilience, IMB considered significant areas of uncertainty including the timing and severity of physical climate impacts, future policy and regulatory developments, insurance affordability, the availability and quality of data, and the evolving nature of climate-related methodologies and scenario assumptions.

IMB's strategic response is focused on the climate-related risks and opportunities identified through the assessment in Table 5, with particular attention to the transition risks assessed as medium in the short term. In relation to transition risk from carbon pricing, IMB's response is to monitor potential policy and market developments, maintain operational emissions reduction initiatives and use carbon price assumptions as a scenario analysis input to assess potential cost impacts. Further detail on the way IMB considered carbon pricing in FY26 is provided in section 5.9, Internal Carbon Price. In relation to transition reputational risk, IMB's response is to continue strengthening climate-related governance, disclosure processes and assurance readiness, while progressing a formal Climate Transition Plan for release in FY27 as part of its broader climate-related strategy. This planned Transition Plan is intended to bring together IMB's existing climate-related commitments, targets, governance arrangements and planned actions in a more integrated framework for managing transition-related risks and opportunities over time.

IMB's current strategic response builds on work undertaken in prior periods to measure operational greenhouse gas emissions, establish a FY21 baseline and set Scope 1 and Scope 2 operational emissions reduction targets. These actions support IMB's response to reputational and conduct-related transition risks by providing a transparent basis for tracking progress and communicating climate-related activity. To address the remaining Scope 1 portion of the operational emissions reduction target, IMB plans to assess and implement practical abatement opportunities across emissions sources under its operational control, including fleet and facilities management initiatives. IMB will continue to review whether additional strategic actions are required as the Transition Plan is developed and as the assessment of climate-related risks and opportunities, data quality and external expectations continue to evolve.

The outcomes of IMB's climate resilience assessment are integrated into existing governance and decision-making processes rather than managed as a standalone exercise. Climate-related risks and opportunities are considered alongside other financial and non-financial risks through IMB's enterprise-wide risk management framework, with oversight by the Board and relevant Board Committees, including the ESG Committee, Risk Committee and Audit Committee. This connects climate-related considerations to capital planning, lending standards, portfolio monitoring, stress testing and financial reporting processes, consistent with the principle of connected information under AASB S2. In practice, this means climate-related insights from scenario analysis, portfolio risk assessments and emerging risk monitoring may inform lending criteria, portfolio settings, capital allocation decisions, product development priorities and the prioritisation of risk mitigation actions. Where material strategic initiatives or transactions are considered, management assesses whether climate-related factors could affect the expected resilience, risk profile or longer-term value of the decision, and escalates those matters through existing governance processes to the relevant Board Committees and the Board.

IMB has already established a number of climate-related commitments that guide current action and are intended to be incorporated into the Climate Transition Plan once it is finalised and approved. These include:

- 90% reduction in operational Scope 1 and Scope 2 greenhouse gas emissions by 2030, from a 2021 baseline.
- 100% sourcing of our operational Scope 2 electricity from renewable sources by FY2025. This target has been achieved, resulting in zero market-based Scope 2 emissions in FY26.

These stand-alone targets remain part of IMB's current approach to managing its operational emissions and provide a basis for tracking progress over time. IMB reports progress against these commitments and intends to incorporate them into the CTP when it is finalised and approved.

We will continue to refine and strengthen our approach as the external environment changes, and we are committed to updating our strategy to reflect new insights and industry best practices. Further detail on our climate initiatives and related performance metrics is provided in the Metrics and Targets section of this report.

Risk Management

4.1 Overview

IMB Bank's risk management framework, including the Risk Management Strategy, provide a robust foundation for managing risks, including climate-related risks. These frameworks align with APRA's Prudential Standard CPS 220 and incorporate enhancements to meet AASB S2 requirements, ensuring climate considerations are embedded across governance, strategy, and operations. Climate-related risks have also been formally integrated into the Group's overall risk management processes. For instance, climate considerations are incorporated into the Emerging Risk monitoring process and other existing risk assessment activities (such as credit evaluations, portfolio monitoring, and stress testing) rather than managed in isolation.

4.2 Processes for Identifying and Assessing Climate-Related Risks and Opportunities

The process used to identify and assess climate-related risks and opportunities includes:

- Climate Risk & Opportunity Register (CRRO): Developed through internal workshops and external advisory support, capturing material physical and transition risks and opportunities.
- Scenario Analysis: Conducted across short (2030), medium (2040), and long-term (2050) horizons using low- and high-emission pathways to assess resilience.

4.3 Prioritisation and Monitoring

Climate-related risks are assessed by applying IMB's risk assessment methodology and prioritised using materiality thresholds leveraging off IMB's standard risk matrix (likelihood and impact). They are then managed in line with the same criteria used for other enterprise risks, ensuring consistent treatment and escalation. Because climate change is a long-term evolving threat, it is also considered an emerging risk; our Emerging Risk Framework applies an additional impact–urgency lens to climate risk, guiding management actions and early escalation of significant exposures. These Emerging Risks are discussed and agreed at both the management and Board Risk committee levels.

Monitoring mechanisms include annual reporting to the Board ESG committee on key climate risks and opportunities, and independent oversight by the Risk Function.

4.4 Integration into Overall Risk Management

Climate related risks are embedded within IMB's three lines of defence:

- First Line (Business units) - integrate climate risk into risk registers and operational decisions.
- Second Line (Risk Function) - maintains the risk management framework, provides independent oversight, and undertakes review and challenge of management's climate-related risks and opportunities assessments.
- Third Line: Internal Audit provides independent assurance of the risk management process.

Climate-related risks and opportunities influence lending policies, portfolio monitoring, capital planning, investment decisions and strategic initiatives, and are considered through existing approval and governance processes for material decisions.

The Board retains ultimate responsibility for risk management and climate oversight. The ESG Committee, supported by the Risk Committee, ensures the effective identification and management of climate-related risks, with all relevant charters and risk policies reviewed annually.

In early 2026, the Risk team conducted an independent review of management's Climate Related Risk and Opportunity (CRRO) register and scenario analysis, challenging key assumptions and risk ratings. Feedback from this "Line 2" review was incorporated into the final risk assessments and mitigation plans, and the Board ESG Committee endorsed the revised risk ratings and disclosure approach resulting from this process.

Metrics and Targets

IMB has measured and reported its operational greenhouse gas (GHG) emissions inventory since 2022, which included an assessment of the 2021 baseline. Our objective has been to not only quantify our carbon footprint, but to also monitor progress against our emissions reduction initiatives and targets.

Operational emissions comprise direct emissions (Scope 1) and indirect emissions from purchased electricity (Scopes 2) associated with IMB's everyday functioning (see Table 6).

Table 6. Operational Emissions

Operational Emissions Measures	Units	FY26
Scope 1 – Direct (from owned sources)	tCO_2e	337
Scope 2 – Indirect (from purchased electricity – market based)	tCO_2e	-
Scope 2 – Indirect (from purchased electricity - location based)	tCO_2e	1,283

Scope 1 emissions represent direct greenhouse gas emissions generated from sources owned or controlled by the Group, including facilities and vehicles.

Scope 2 emissions represent indirect greenhouse gas emissions associated with purchased electricity consumed across the Group's operations.

The market-based approach for measuring Scope 2 emissions reflects emissions associated with electricity procured through contractual instruments, including renewable energy certificates and Green Power purchasing arrangements.

Through these arrangements, IMB has actively sourced renewable electricity and associated certificates to reduce reported market-based Scope 2 emissions to zero in 2026. The location-based method reflects the average emissions intensity of the electricity grid from which energy is consumed, irrespective of contractual procurement arrangements.

5.1 Measurement Approach

The calculation of operational emissions is in accordance with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

The Group has measured emissions using the operational control approach. The GHG Protocol permits equity share, financial control and operational control approaches to setting organisational boundaries. IMB has selected the operational control approach because it is the most appropriate for its circumstances and provides a clear and transparent basis for identifying the operations over which IMB has the authority to introduce and implement operating policies and can therefore directly influence and manage greenhouse gas emissions. On this basis, the inventory includes emissions from operations under IMB's operational control. These boundaries reflect the operations within the consolidated group that are relevant to the Scope 1 and Scope 2 inventory.

Scope 1 and Scope 2 emissions are measured using a combination of internal and external data sources, taking into consideration data quality and estimation uncertainty. Scope 2 emissions are measured using both location-based and market-based methods. The market-based method reflects the impact of contractual renewable electricity procurement arrangements, including GreenPower, on the Group's Scope 2 emissions. As IMB has progressively transitioned electricity procurement arrangements towards renewable energy sources, management considers the market-based method to be the most representative measure of operational electricity emissions.

There were no changes in the measurement approach in the current period. Emissions are calculated using actual, extrapolated, projected, converted or estimated data depending on data availability and accuracy, with the most relevant, reliable and accurate data prioritised. Where data gaps exist, conservative proxy data and estimation assumptions have been applied using the most relevant information reasonably available at the reporting date to avoid understating emissions or associated impacts.

These estimation uncertainties are not expected to materially affect the overall trends or conclusions in this report. The Group is committed to continually improving data quality and expanding its measurement capabilities to enhance the accuracy and completeness of future climate-related disclosures.

Table 7 shows the measurement approach, inputs and assumptions to calculate Scope 1 and 2 GHG emissions.

Table 7. FY26 data sources and emissions calculation methods

FY26 data sources and emissions calculations methods					
	Category	**Activity**	**Description**	**Data Type**	**Calculation Approach and Assumptions**
Scope 1	Mobile Combustion - Transport	Fleet	Distance travelled by each vehicle from odometer readings, GPS tracking systems, or fleet management software.	Actual and Extrapolated	Total emissions (tCO2e) = Distance travelled (km) × Emission Factor (kg CO2-e/km)/1000. ABS data on fuel efficiency were used to convert travelled distances to fuel litres.
Scope 1	Stationary Combustion - Stationary Energy (gaseous fuels)	Natural Gas	Fuel consumed by generators, heaters, tools, equipment, or other stationary machinery.	Actual	Total emissions (tCO2e) = GJ x [Emission factor (kgCO2e/GJ)] / 1000.
Scope 1	Stationary Combustion - Stationary Energy (liquid fuels)	Diesel	Fuel consumed by generators and other stationary equipment where diesel usage data was provided.	Actual	Total emissions (tCO2e) = kL x [Emission factor (kgCO2e/kL)] / 1000.
	Refrigerant Leakage - Refrigerants	Refrigerants	Refrigerants in owned buildings/facilities/data centres and/or under control when the air conditioning units are recharged.	Actual	Total emissions (tCO2e) = Mass of refrigerant released (kg) × Global Warming Potential (kgCO2e/kg) / 1000. Actual recharge and equipment data were used where available, with default leakage assumptions applied where detailed data was not available. Refrigerator emissions are assumed immaterial. AC emissions for offices and branches located in major and regional shopping centres are assumed immaterial where IMB does not have operational control.
Scope 2	Purchased Electricity	Electricity	Purchased electricity for IMB Bank's physical locations.	Actual and extrapolated	Total emissions (tCO2e) = Climate Active electricity calculator Scope 2 result (kgCO2e) / 1000. Monthly electricity data included identification of sites using GreenPower and a smaller portion was extrapolated where invoice data was incomplete. Market-based Scope 2 reflects IMB's renewable electricity procurement arrangements. Base building electricity consumption of sites located in shopping centres is excluded where IMB has no operational control.

The Group's climate-related metrics, assumptions and methodologies are subject to ongoing refinement as climate-related data availability, regulatory expectations and internal capabilities continue to evolve. Future reporting periods may therefore include updates to methodologies, assumptions, data sources and estimation techniques as improvements become available.

5.2 Activity Data

Estimating emissions requires activity data, which can take different forms and vary in reliability. IMB applies a data hierarchy when preparing its operational emissions inventory, prioritising the most accurate data available. Actual data is used wherever possible, followed where necessary by modelled data approaches such as extrapolated, projected or converted data, and then estimated data where no more reliable source is available. This hierarchy supports a consistent and transparent approach to emissions measurement while recognising that data availability may differ across emissions sources.

5.3 Our Emission Reduction target

In FY23, IMB established an absolute reduction target for gross Scope 1 and Scope 2 operational greenhouse gas emissions, using FY21 as the baseline period and FY30 as the target date. The targets in Table 8 apply to emissions from operations under IMB's operational control and covers carbon dioxide equivalent emissions from the greenhouse gases included in the Group's operational emissions inventory. It was established to support the reduction of operational greenhouse gas emissions and does not rely on carbon offsets for achievement. Progress is measured annually by comparing actual Scope 1 and Scope 2 emissions against the FY21 baseline and FY30 target outcome, using the measurement methods described in sections 5.1 and 5.2.

Table 8: Operational Emissions Reduction target

Target	Baseline Period	Target date	Type of target	FY 26 progress
Reduce scope 1 and scope 2 emissions by 90%	FY21	FY30	Absolute	85% reduction
Sub target:				
Source 100% of electricity requirements under our control from renewable sources	FY21	Achieved	Absolute	100% sourced

The key interim milestone achieved to date is the sourcing of 100% of operational Scope 2 electricity requirements under IMB's control from renewable sources, which resulted in zero market-based Scope 2 emissions in FY26. The remaining emissions reduction challenge is primarily Scope 1, which represents approximately 5% of the FY21 baseline emissions profile after the reduction achieved to date. IMB has not set separate interim Scope 1 milestones between FY26 and FY30, nor has it set an interim Scope 1 target between FY30 and 2050. Further Scope 1 reductions are expected to be considered through operational initiatives, including fleet and facilities management decisions, as part of the development of IMB's Climate Transition Plan.

In setting the target, IMB considered the latest international agreement on climate change, being the Paris Agreement objective to limit the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the increase to 1.5°C, together with Australia's jurisdictional commitment to achieve net zero greenhouse gas emissions by 2050. These considerations informed the direction and ambition of IMB's operational emissions reduction target, including the selection of a 2030 target date as an interim milestone that supports progress towards a lower-emissions operating model and is consistent with Australia's broader transition to net zero by 2050.

The Board, supported by the ESG Committee, oversees the approval and ongoing review of climate-related targets. Management is responsible for developing proposed targets using internal emissions data, baseline analysis, delivery feasibility, regulatory requirements and strategic alignment, and for submitting those proposals to the ESG Committee for review and challenge. The ESG Committee considers the target methodology, baseline year, scope, assumptions, achievability and consistency with IMB's climate strategy before recommending targets, or material revisions to targets, to the Board for approval.

Progress against approved targets is monitored through structured management reporting that compares current performance to the approved baseline, target trajectory and prior-period results. This reporting includes emissions results, trend analysis, status of key emissions reduction initiatives, explanation of material variances, emerging delivery risks and any corrective actions proposed by management.

Target progress is reviewed by the ESG Committee at least annually, and more frequently where material developments, underperformance or proposed target changes arise. The ESG Committee provides recommendations and updates to the Board on target performance, and any material issues, delays or proposed revisions are escalated to the Board for oversight, challenge and, where required, approval. This process enables both Committee-level review and Board-level oversight of how climate-related targets are being monitored and managed over time.

Where performance indicates that a target may not be achieved as planned, management is required to explain the underlying drivers, identify corrective actions, and, where necessary, propose revised implementation actions or changes for governance review. No revisions have been made to the target in the current period. No formal sector-specific pathways were used for these targets, and they have not been externally validated.

5.4 Carbon Offsets

IMB's emissions reduction strategy prioritises direct emissions reduction initiatives, with carbon offsets used as a supplementary measure to support operational carbon neutrality. IMB prioritises nature-based carbon abatement projects through the purchase of Australian Carbon Credit Units issued by the Clean Energy Regulator.

To assist with purchasing and navigating the carbon offset market, IMB once again engaged Anthesis to conduct due diligence on prospective carbon offset projects offered by carbon brokers. This work involved applying a best-practice assessment framework developed by Anthesis to assess Australian and international projects to ensure IMB purchased high-quality carbon offsets.

The selected projects are assessed against environmental integrity and co-benefit criteria that aligns with our broader sustainability strategy.

IMB has made the decision to withdraw from the Climate Active certification program, effective 30 June 2026. This represents a strategic shift away from reliance on carbon offsets and external certification, towards delivering tangible emissions abatement and long-term decarbonisation outcomes.

5.5 Assets vulnerable to climate-related transition risk

IMB has not identified a material class of assets that is currently vulnerable to climate-related transition risk based on the transition risk assessment described in section 3.3. The transition risks assessed as most relevant in the current reporting period relate primarily to carbon pricing, greenwashing and reputational risk, which affect IMB's operations, disclosures, compliance activities, supplier costs and stakeholder relationships rather than creating a direct, separately measurable exposure to a specific class of assets.

IMB has not developed a dedicated quantitative metric that maps assets directly to each climate-related transition risk. IMB currently monitors exposure to higher-risk industries within its commercial lending portfolio as a relevant credit risk indicator; however, this is a broader portfolio monitoring measure and does not capture all assets that may be exposed to climate-related transition risk.

IMB will continue to enhance its capability to identify, assess and monitor transition risk across its lending and investment portfolios. Over time, this may support more granular mapping of assets to specific transition risk drivers, including through improved sector classification, data quality, scenario analysis and portfolio risk segmentation.

5.6 Assets vulnerable to climate-related physical risk

Consistent with the risk assessment and scenario analysis in section 3.3, IMB's assessment of assets vulnerable to climate-related physical risk focused on the Australian residential mortgage portfolio as the most relevant area of potential physical risk exposure within its business model in the current reporting period. The assessment considered both acute and chronic physical risk drivers, including insured natural perils, uninsured peril exposure, insurance affordability, borrower serviceability impacts, climate-adjusted loan-to-value ratios and heat stress. The scenario analysis indicated that exposure to medium or high physical risk is currently limited and remains low in the short term, but increases over the medium and long term under the high emissions scenario. This reflects the progressive emergence of physical climate risk through changes in hazard intensity, insurance affordability pressures, property values and heat stress over time.

Based on that assessment, IMB has identified that a limited portion of the residential mortgage portfolio is vulnerable to physical climate risk, although no material current financial effects from those risks have been identified as at 30 June 2026. Anticipated financial effects are currently expected to remain limited, subject to ongoing monitoring and refinement of data and methodologies.

IMB has not identified the investment portfolio as a material source of physical climate risk exposure in the current reporting period. The portfolio primarily comprises highly liquid financial assets and debt securities, has no direct physical collateral exposure, and is managed through existing treasury and credit risk processes. While issuers or counterparties may be indirectly affected by physical climate risks over time, IMB has not identified material current financial effects from physical climate risk in the investment portfolio as at 30 June 2026.

5.7 Assets aligned with climate opportunities

Consistent with section 3.3, IMB has not identified any climate-related opportunities that are sufficiently significant to its prospects to require detailed disclosure in the current reporting period. Potential opportunities may emerge over time from changes in member demand, product development, operational efficiency or access to funding, but these matters are not currently assessed as material climate-related opportunities.

Accordingly, IMB has not identified a broad category of assets aligned with climate-related opportunities and has not developed a standalone metric for assets aligned with climate opportunities. Existing products may support emissions reduction, energy efficiency or climate adaptation in some circumstances; however, they are not currently tracked or classified as a separate climate-aligned asset category for the purposes of this report.

IMB will continue to monitor how climate-related opportunities may emerge or become more relevant as member needs, market conditions, policy settings and internal capabilities evolve. As assessment methodologies mature, IMB may refine how it identifies, evaluates and, where appropriate, measures climate-related opportunities across its business activities and lending portfolio.

5.8 Capital deployment

During FY26, IMB did not incur any capital expenditure that was directly attributable to climate-related risks or opportunities.

5.9 Internal Carbon Price

In FY26, IMB qualitatively incorporated carbon price assumptions (aligned with NGFS transition scenarios) as sensitivity inputs in its climate-related risk and opportunity assessment and scenario analysis. This enabled IMB to consider the potential impacts of carbon pricing in a low-emissions transition scenario, in contrast to the absence of a carbon price in a high-emissions scenario.

IMB has not set a fixed internal carbon price for use in its current operations or financial decisions. The carbon pricing considered in FY26 was an analytical tool used only for scenario planning and has no direct impact on our capital allocation, product pricing, lending or investment decisions, or remuneration frameworks. We recognise the potential value of internal carbon pricing as a risk management and strategic planning tool and will continue to evaluate its prudent integration into business practices over time as climate data, policy, and methodologies evolve.

5.10 Remuneration

Executive remuneration at IMB is not currently linked to climate-related metrics or targets while the Group’s climate strategy and related performance measures continue to develop.

Directors' declaration

In the opinion of the directors of IMB Ltd (the 'Company") the substantive provisions of the sustainability report, including:

- The climate statements and notes; and
- Statement and notes required as at the 26th of August 2026 by legislative instrument.

for the consolidated entity set out on pages 84 to 105, are in accordance with the Corporations Act 2001, including section 296C and section 296D, are in compliance with the Australian Sustainability Reporting Standards (being AASB S2 Climate-related Disclosures)

Dated at Wollongong this 26th day of August 2026.

Signed in accordance with a resolution of the directors:

CA Aston
Chair

BV Bissaker
Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IMB Ltd in relation to the Sustainability Report

I declare that, to the best of my knowledge and belief, in relation to the review of specified sustainability disclosures in the sustainability report of IMB Ltd for the year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Sydney, Australia

26 August 2026

Daniel Camilleri

Partner

Independent Auditor's Review Report

To the members of IMB Ltd

Report on specified Sustainability Disclosures of IMB Ltd presented in the Annual Report titled "Sustainability Report" prepared in accordance with the Corporations Act 2001

Review Conclusion on specified Sustainability Disclosures as required under the Corporations Act 2001

We have conducted a review of the following specified Sustainability Disclosures presented in the Sustainability Report of IMB Ltd titled "2026 IMB Ltd Sustainability Report" for the year ended 30 June 2026 in accordance with Australian Standards on Sustainability Assurance (ASSA) 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB).

specified Sustainability Disclosures	***Reporting requirement of Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D) (the Criteria)***	***Locations in Sustainability Report***
Governance disclosures	*Paragraph 6*	*Section 2.1 – 2.4 "Governance", pages 86 – 89.*
Strategy (risk and opportunities) disclosures	*Subparagraphs 9(a), 10(a) and 10(b)*	*Section 3 "Strategy":* *3.3.1 – 3.3.4 "Identified climate-related risks and opportunities, pages 92 – 95, and* *Table 5 "Scenario Analysis finding", page 96 – 97 - specifically the columns "Risk/Opportunity" and "Category"*
Scope 1 greenhouse gas emissions	*Subparagraphs 29(a)(i)(1) to (2) and 29 (a)(ii) to (v)*	*Section 5 "Metrics and Targets":* *Table 6 "Operational Emissions", page 100* *5.1 "Measurement Approach", page 101* *5.2 "Activity Data", page 103*
Scope 2 greenhouse gas emissions (location-based and market-based)		*Section 5 "Metrics and Targets":* *Table 6 "Operational Emissions", page 100* *5.1 "Measurement Approach", page 101* *5.2 "Activity Data", page 103*

The requirements of AASB S2 identified in the table above form the Criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the specified Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the Corporations Act 2001.

Basis for Conclusion

Our review has been conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant Criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the "Summary of the Work Performed" section of our report.

Our responsibilities under ASSA 5000 are further described in the "Auditor's responsibilities" section of our report.

We comply with the independence and other ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board related to sustainability assurance engagements.

Our firm applies Auditing Standard ASQM1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, issued by the AUASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other Information

The Directors of IMB Ltd are responsible for the other information. The other information comprises, the financial and non-financial information included in IMB Ltd *2026 Annual Report* but does not include the specified Sustainability Disclosures and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of conclusion thereon with the exception of the Financial Report and its respective audit report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The Directors of IMB Ltd are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining a system of internal control that it determines is necessary to enable the preparation of specified Sustainability Disclosures in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the specified Sustainability Disclosures may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

For climate risks and opportunities, there is inherent uncertainty as a result of using assumptions about future events and management's actions that may not occur.

Greenhouse gas quantification is subject to inherent uncertainty due to the nature of the information and the uncertainties inherent in: (i) the methods used for determining or estimating the appropriate amounts, (ii) information used to determine emission factors and (iii) the values needed to combine emissions of different gases.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal controls relevant to the engagement to identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to the assessed risks of material misstatement at the disclosure level.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Enquired with management to understand the process for developing the climate governance, strategy and metrics disclosures;
- Obtained an understanding of relevant processes, information flow and related systems for key data sets;
- Reviewed internal documentation including policies, charters, minutes of meetings, risk management frameworks, and basis of preparation documents;
- Reviewed IMB Ltd's process undertaken to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- Assessed the suitability and application of the Criteria in respect of the Specified Sustainability Disclosures;
- For Scope 1 and 2 greenhouse gas emissions, tested underlying data to source documentation on a sample basis; and
- Reconciled the specified Sustainability Disclosures to underlying source documentation.

KPMG

KPMG

Sydney, Australia

26 August 2026

Daniel Camilleri

Partner