



IMB Ltd

(ABN 92 087 651 974)

Interim Financial Report

31 December 2023

IMB Bank's 31 December 2023 Interim Results demonstrate the organisation's financial resilience against a challenging economic backdrop.

We are pleased to report above-system lending and solid deposit growth achieved by IMB throughout the period. However, like all retail banks, IMB has experienced margin contraction flowing from rising funding costs and intense competition for loans and deposits.

We are also mindful of the associated cost of living and inflationary pressures being managed by our members at a personal level and as their bank, we remain focused on how we can assist our members to reach their financial goals. Given the more challenging economic conditions that prevailed throughout the reporting period, we are encouraged by the continuing high quality of our loan portfolios and very low arrears.

Despite the rapidly changing dynamics faced over the first half, we maintained strong momentum in the execution of our digital transformation roadmap and the delivery of strategic initiatives that will support solid performance over the remainder of FY24.

Financial performance

Net profit after tax for the period was \$12.3M, down 36% compared to the prior corresponding half year period, primarily as a result in the change in margin.

The average interest margin for the half year period was 2.05%, against the average of 2.4% for FY23. Again, this reflects the strong competition for retail lending and deposits, lending retention activity amidst historically high rates of refinancing and an unprecedented movement of deposits from lower cost transactional saving accounts to higher cost saving and term accounts. When compared to outcomes being observed across industry, IMB's average margin is a sound result, achieved through our commitment to produce sustainable outcomes for our members.

Total deposits increased to \$6.9Bn up 6.5% from the position at 30 June 2023, reflecting our efforts to offer a simple and compelling proposition to our strong depositor base and with further online deposit capabilities being delivered in the second half of FY24, we aim to build on this result.

IMB's strong lending performance was evident with the portfolio increasing by 9.3% since 30 June 2023, with loan approvals for the half year period reaching just over \$1Bn. Total assets increased to \$8.2Bn to 31 December 2023, up from \$7.5Bn at 30 June 2023. This lift in performance has been achieved while remaining well within prudent loan servicing criteria.

We are committed to supporting any borrowers who may experience financial difficulty as higher interest rates and cost of living pressures prevail, however the quality of our portfolio remains strong, with arrears and impairments remaining below long-term averages. Our total impairment provision for the first half increased by a modest \$0.3m on the value raised at 30 June 2023, predominantly due to the growth in the loan book.

Operating expenses have been tightly managed, increasing by only 4.6% when compared against the previous corresponding period, as we continue to make strategic investments in our business to help us maintain a competitive industry position.

At 31 December, IMB was well capitalised and comfortably above regulatory benchmarks, with liquidity remaining stable at 18.5%, with growth in deposits offsetting growth in the loan book, and capital adequacy steady at to 15.0% against 15.3% compared to the same period last year.

We continue to maintain IMB's capital levels to manage the impact of APRA's decision that from 1 January 2025, IMB ordinary shares will not have a regulatory value and cannot be included in IMB's capital ratios. This change does not impact IMB shareholders directly as the shares will remain on issue, can be traded, and will be entitled to earn dividends as determined by the Board.

Chair's and CEO's Report

However, from an IMB perspective it means that ordinary shares are not an efficient form of capital. The Board continuously engages with regulators to ensure IMB has a flexible capital management plan available to it and can execute that plan for the benefit of all IMB stakeholders.

In line with the financial outcomes for the period, the Board has declared an interim dividend of seven (7) cents per share, fully franked. The dividend will be paid after the close of trading on 28 February 2024 to shareholders registered at that date.

Strategy and Operations

We continue to make significant progress in shaping IMB to be a digitally led bank backed by the highest levels of personal customer service that our members have come to expect. Our transformation agenda is not only key to meeting the developing needs of our current members, but also accelerating our growth in non-traditional markets.

The above-system loans growth achieved was supported by a strategic investment in new digital marketing capabilities and the release of expanded functionality in our lending platform which improved IMB's ability to serve loan members across the breadth of their needs through our digital channels.

In the period to 31 December, we also commenced the work to enhance our digital onboarding processes with additional layers of biometric verification and fraud detection, together with an upgrade to our digital deposit account opening platform. These initiatives will deliver highly secure and convenient experiences, enabling IMB to attract depositors Australia-wide with improved ease. Once completed, the upgrade will allow members to access more of IMB products and transactional capabilities quickly and easily from anywhere, anytime.

As a member of the Customer Owned Banking Association, we are proud to be a part of the banking industry's collaboration to launch a comprehensive set of anti-scam reforms under the Scam-Safe Accord. Over the coming twelve months, a range of initiatives including the introduction of more friction, more warnings, and limits on certain types of payments will occur, all with the aim of slowing down the pace at which scams occur and helping to keep our members' money safe.

We recognise our responsibility to actively manage both the potential commercial impacts of climate risks and to contribute to the global effort by reducing IMB's environmental footprint. To that end, we are pleased to confirm that IMB Bank has received independent certification by Climate Active of its carbon neutral status. This is further evidence that IMB is serious about contributing to a sustainable future and leaving our communities in a better place for future generations.

Striving for increased social impact, IMB Bank's first Reconciliation Action Plan received endorsement from Reconciliation Australia in the period to 31 December. This marks a significant milestone in our efforts to better understand our sphere of influence so we can meaningfully enhance our relationships with Aboriginal and Torres Strait Islander stakeholders in our communities.

Finally, we continued our commitment to invest in local communities and proudly announced funding for 55 diverse not-for-profit, grassroots projects through the IMB Bank Community Foundation, bringing total funding pledged by the Foundation to \$12M since 1999.

Looking ahead

While the risk of a recession has moderated, economic growth is expected to slow in early 2024. Intense competition for home lending and increasingly for deposits, is unlikely to significantly abate, meaning rising funding costs will remain a key challenge across the industry.

IMB is prudently navigating the prevailing economic challenges and expects that margin pressure may ease slightly, particularly with the large volume of low-rate fixed loans that will adjust to the

Chair's and CEO's Report

current market position, which would support an improvement in the key outcomes for the second half.

We are focused on maintaining momentum on our strategic initiatives through which we aim to make banking simpler, safer, and digitally accessible for our members. In doing this, we are committed to enhancing the member experience, increasing IMB's productivity, and delivering further grow in our key markets.



CA Aston, Chair



RJ Ryan, Chief Executive

Directors' Report

AS AT 31 DECEMBER 2023

The directors have pleasure in presenting their report together with the consolidated interim financial report for the six months ended 31 December 2023 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the six months ended 31 December 2023 are:

Name	Period of directorship
Catherine Ann Aston, Chair	Director since 2016, Appointed Chair October 2022
Brian Vincent Bissaker	Director since May 2023
Peter John Fitzgerald	Director since 2017
Jann Angela Gardner	Director since 2020
Christine Stewart Traquair	Director since 2022
Harry Walter Wendt	Director since 2020
Christopher Whitehead	Director since 2021

Review of operations

Members are referred to the Chair's and CEO's Report on page 1.

Interim dividend

Members are referred to the Chair's and CEO's Report on page 1.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 19 and forms part of the directors' report for the six months ended 31 December 2023.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument* 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Wollongong this 31st day of January 2024.

Signed in accordance with a resolution of the directors:



CA Aston, Chair



PJ Fitzgerald, Director

Condensed Interim Profit or Loss Statement

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

	Consolidated	
	For the six months ended 31 Dec 2023 \$000	For the six months ended 31 Dec 2022 \$000
Interest revenue	197,550	127,293
Interest expense	(118,056)	(40,419)
Net interest income	79,494	86,874
Fee and commission income	4,857	4,919
Fee and commission expense	(53)	(140)
Net fee and commission income	4,804	4,779
Other income	676	918
Net operating income	84,974	92,571
Impairment (losses)/recoveries on financial instruments	(553)	(1,296)
Operating expenses	(66,784)	(63,829)
Profit before tax	17,637	27,446
Income tax expense	(5,321)	(8,250)
Profit for the period attributable to members of the Company	12,316	19,196

The condensed interim profit or loss statement is to be read in conjunction with the condensed notes set out on pages 10 to 15.

Condensed Interim Statement of Comprehensive Income
 FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

	Consolidated	
	For the six months ended 31 Dec 2023 \$000	For the six months ended 31 Dec 2022 \$000
Profit for the period	12,316	19,196
Other comprehensive income/(expense):		
Items that will never be reclassified to profit or loss:		
Net change in fair value of other financial assets at FVOCI	-	-
<i>Total items that will never be reclassified to profit or loss</i>	-	-
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of derivative liabilities	1,670	2,253
Net change in fair value of investment debt securities at FVOCI	4,751	4,178
Net change in fair value of investment debt securities at FVOCI transferred to profit and loss	8	(80)
<i>Total items that may be reclassified subsequently to profit or loss</i>	6,429	6,351
Total other comprehensive expense for the period, net of income tax	6,429	6,351
Total comprehensive income for the period	18,745	25,547

Amounts are stated net of tax

The condensed interim statement of comprehensive income is to be read in conjunction with the condensed notes set out on pages 10 to 15.

Condensed Interim Statement of Financial Position

AS AT 31 DECEMBER 2023

	Consolidated	
	31 Dec	30 Jun
	2023	2023
	\$000	\$000
ASSETS		
Cash and cash equivalents	246,461	189,749
Investment in debt securities	1,225,853	1,184,554
Deposits with other ADIs	26,208	42,404
Loans and advances to customers	6,530,544	5,973,753
Other investments	1,323	1,323
Property, plant and equipment	91,462	90,647
Intangible assets	7,922	8,442
Net deferred tax assets	8,893	12,603
Other assets	27,261	21,656
Total Assets	8,165,927	7,525,131
LIABILITIES		
Trade and other payables	44,795	45,731
Deposits	6,922,884	6,502,194
Securitised loans funding	393,280	74,072
Interest-bearing liabilities	294,376	401,820
Derivative liabilities	861	3,247
Current tax liabilities	311	5,146
Provisions	13,682	13,276
Total Liabilities	7,670,189	7,045,486
Net Assets	495,738	479,645
EQUITY		
Share capital	28,324	28,324
Reserves	65,314	57,276
Retained earnings	402,100	394,045
Total equity attributable to members of the Company	495,738	479,645

The condensed interim statement of financial position is to be read in conjunction with the condensed notes set out on pages 10 to 15.

Condensed Interim Statement of Cash Flows
 FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

		Consolidated	
		For the six	For the six
		Months	Months
		ended	ended
		31 Dec	31 Dec
		2023	2022
	Note	\$000	\$000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Interest received		196,509	122,182
Other cash receipts in the course of operations		(510)	4,433
Interest paid on deposits		(108,781)	(26,209)
Net increase in deposits		411,561	250,010
Income taxes paid		(6,447)	(4,240)
Net loans (funded) to/repayments from members		(556,814)	(127,279)
Other cash payments in the course of operations		(59,687)	(61,769)
Net cash flows (used in)/from operating activities		(124,169)	157,128
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Net payments for investment debt securities and loans and deposits with other ADIs		(20,549)	(96,656)
Payments for property, plant and equipment, and intangibles		(2,672)	(3,266)
Proceeds from sale of property, plant and equipment		73	207
Net cash flows used in investing activities		(23,148)	(99,715)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Repayments of securitised loans		(274,954)	(340,439)
Proceeds from securitised loans funding		594,163	324,440
Repayments of interest-bearing liabilities		(309,178)	(124,978)
Proceeds from interest-bearing liabilities		200,151	75,021
Repayments of lease liabilities		(3,501)	(3,681)
Dividends paid	5	(2,652)	(2,170)
Net cash flows from/(used in) financing activities		204,029	(71,807)
Net increase/(decrease) in cash and cash equivalents held		56,712	(14,394)
Cash and cash equivalents at 1 July		189,749	207,197
Cash and cash equivalents at 31 December	6	246,461	192,803

The condensed interim statement of cash flows is to be read in conjunction with the condensed notes set out on pages 10 to 15.

Condensed Interim Statement of Changes in Equity

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

	Consolidated							
	Share capital	Fair Value Reserve	Cash flow hedge reserve	General reserve for credit losses	General reserve	Transfer of business reserve	Retained earnings	Total equity
<i>In thousands of AUD</i>								
Balance at 1 July 2022	28,324	(16,235)	(5,174)	5,551	25,255	37,560	361,965	437,246
Total comprehensive income for the period								
Profit after tax	-	-	-	-	-	-	19,196	19,196
Other comprehensive income								
Net revaluation movement due to change in fair value	-	4,178	2,253	-	-	-	-	6,431
Investment debt securities at FVOCI reclassified to profit or loss	-	(80)	-	-	-	-	-	(80)
Total other comprehensive income	-	4,098	2,253	-	-	-	-	6,351
Total comprehensive income for the period	-	4,098	2,253	-	-	-	19,196	25,547
Transfer to retained profits	-	-	-	(606)	-	-	606	-
Transactions with owners, recorded in equity								
Dividends to shareholder members	-	-	-	-	-	-	(2,170)	(2,170)
Balance at 31 December 2022	28,324	(12,137)	(2,921)	4,945	25,255	37,560	379,597	460,623
Balance at 1 July 2023	28,324	(8,900)	(2,272)	5,633	25,255	37,560	394,045	479,645
Total comprehensive income for the period								
Profit after tax	-	-	-	-	-	-	12,316	12,316
Other comprehensive income								
Net revaluation movement due to change in fair value	-	4,751	1,670	-	-	-	-	6,421
Investment debt securities at FVOCI reclassified to profit or loss	-	8	-	-	-	-	-	8
Total other comprehensive income	-	4,759	1,670	-	-	-	-	6,429
Total comprehensive income for the period	-	4,759	1,670	-	-	-	12,316	18,745
Transfer to retained profits	-	-	-	1,609	-	-	(1,609)	-
Transactions with owners, recorded in equity								
Dividends to shareholder members	-	-	-	-	-	-	(2,652)	(2,652)
Balance at 31 December 2023	28,324	(4,141)	(602)	7,242	25,255	37,560	402,100	495,738

Amounts are stated net of tax. The condensed interim statement of changes in equity is to be read in conjunction with the condensed notes set out on pages 10 to 15.

Condensed Notes to the Consolidated Interim Financial Statements

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

1 Reporting entity

IMB Ltd (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the “Group”).

The Group is a for-profit entity primarily involved in the provision to members of banking and financial services, including lending, savings, insurance and investment products.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2023 is available upon request from the Company’s registered office at 47 Burelli Street, Wollongong or at www.imb.com.au.

2 Statement of compliance

These consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 134 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2023.

This consolidated interim financial report was approved by the Board of Directors on 31st January 2024.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Use of judgements and estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial statements, other than the matters discussed below, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2023.

Provision for impairment – expected credit losses

In recognition of the substantial increase in interest rates by the RBA in response to inflationary pressures which have yet to be fully passed on to loan borrowers in the form of higher loan repayments, a management overlay is being held to recognise those borrowers that are most susceptible to higher interest rates that are considered at risk of default in terms of their ability to repay in the short to medium term.

The management overlay, included in the provision for expected credit losses to reflect the lag effect of monetary policy on loan borrowers ability to meet future higher loan repayments, at 31 December 2023 was \$868,000 (30 June 2023: \$918,000).

Condensed Notes to the Consolidated Interim Financial Statements

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

4 Changes in significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2023.

5 Dividends

For the six months ended Dec 2023 \$000	For the six months ended Dec 2022 \$000
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Fully franked final dividend declared on 30 August 2022

- \$0.09 per share franked to 100% at a tax rate of 30% paid on 1 September 2021 on 24,110,261 shares	-	2,170
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Fully franked final dividend declared on 30 August 2023

- \$0.11 per share franked to 100% at a tax rate of 30% paid on 6 September 2023 on 24,110,261 shares	2,652	-
	2,652	2,170

Subsequent events:

On 31 January 2024, the Board declared an interim dividend of 7 cents per share amounting to \$1,688,000 franked to 100% at a tax rate of 30%, in respect to the six months ended 31 December 2023. The dividend is payable on 28 February 2024. The financial effect of this interim dividend has not been brought to account in the Group's financial report for the six months ended 31 December 2023 and will be recognised in the subsequent financial report.

6 Notes to the statement of cash flows**Reconciliation of cash**

Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash controlled by the Group	183,140	120,098
Cash controlled by SPEs	63,321	72,705
Total	246,461	192,803

Condensed Notes to the Consolidated Interim Financial StatementsFOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

7 Fair Value

Fair value

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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 value of liquid assets and other assets maturing within 12 months approximates their carrying amount. 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 approximates 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.

Fair value hierarchy

The following tables show the carrying amount and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Condensed Notes to the Consolidated Interim Financial Statements

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

7 Fair Value (continued)

		Fair Value			
		Carrying Amount	Level 1	Level 2	Level 3
		\$000	\$000	\$000	\$000
31 December 2023					
Financial assets measured at FVOCI					
Investment in debt securities	1,225,853	-	1,225,853	-	1,225,853
Other investments	1,323	-	-	1,323	1,323
	1,227,176				
Financial assets measured at amortised cost					
Cash and cash equivalents	246,461				
Deposits with other ADIs	26,208				
Loans and advances to customers	6,530,544	-	-	6,531,572	6,531,572
Trade and other receivables	27,261				
	6,830,474				
Financial liabilities measured at FVOCI					
Derivative financial liabilities	861	-	861	-	861
Financial liabilities measured at amortised cost					
Deposits	6,922,884	-	6,928,706	-	6,928,706
Securitised loan funding	393,280				
Interest-bearing liabilities	294,376				
Trade and other payables	44,795				
	7,655,335				

		Fair Value			
		Carrying Amount	Level 1	Level 2	Level 3
		\$000	\$000	\$000	\$000
30 June 2023					
Financial assets measured at FVOCI					
Investment in debt securities	1,184,554	-	1,184,554	-	1,184,554
Other investments	1,323	-	-	1,323	1,323
	1,185,877				
Financial assets measured at amortised cost					
Cash and cash equivalents	189,749				
Deposits with other ADIs	42,404				
Loans and advances to customers	5,973,753	-	-	5,950,076	5,950,076
Other assets	21,656				
	6,227,562				
Financial liabilities measured at FVOCI					
Derivative financial liabilities held for risk management	3,247	-	3,247	-	3,247
	3,247				

Condensed Notes to the Consolidated Interim Financial Statements

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

7 Fair Value (continued)

		Fair Value			
		Carrying Amount	Level 1	Level 2	Level 3
30 June 2023		\$000	\$000	\$000	\$000
Financial liabilities measured at amortised cost					
Deposits		6,502,194	-	6,496,689	-
Securitised loan funding		74,072			
Interest-bearing liabilities		401,820			
Trade and other payables		45,731			
		7,023,817			

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 flows. The discount factors are derived from the term structure of interest rates corresponding to the term of the cash flows 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:

	Dec 2023	June 2023
Derivatives	4.13% - 3.93%	4.34% - 4.60%
Loans and borrowings	4.35% - 3.93%	4.10% - 4.34%

8 Related parties

Arrangements with current related parties continue to be in place. For details on these arrangements, refer to the 30 June 2023 annual financial report.

9 Events Subsequent to Reporting Date**Dividends**

For dividends declared by IMB Ltd after 31 December 2023 refer to note 5.

Other

There were no other events subsequent to balance date.

Condensed Notes to the Consolidated Interim Financial Statements

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2023

10 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024 and earlier application is permitted, however the Group has not early adopted the new or amended standards in preparing these interim financial statements. None of these are expected to have a material impact on the Group's financial statements in the period of initial adoption.

Directors' Declaration

In the opinion of the directors of IMB Ltd ("the Company"):

1. the condensed consolidated interim financial statements and notes set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance, for the six months ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Wollongong this 31st day of January 2024.

Signed in accordance with a resolution of the directors:



CA Aston, Chair



PJ Fitzgerald
Director



Independent Auditor's Review Report

To the members of IMB Ltd

Conclusion

We have reviewed the accompanying Interim Financial Report of IMB Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of IMB Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Interim Financial Report comprises:

- Condensed statement of financial position as at 31 December 2023;
- Condensed Interim statement of profit or loss, Condensed Interim statement of comprehensive income, Condensed Interim statement of changes in equity and Condensed Interim statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises IMB Ltd (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The Interim Period is the 6 months ended on 31 December 2023.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Brendan Twining

Partner

Sydney

31 January 2024



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 review of IMB Ltd for the interim period ended 31 December 2023 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

Brendan Twining

Partner

Sydney

31 January 2024

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Directors' Particulars

Catherine Ann Aston

B.EC M.COMM F FIN GAICD

Ms Aston has been a director of IMB Ltd since 2016 and was elected Chair in October 2022. Ms Aston is the Chair of the Capital & Securitisation Committee and is a member of the People and Culture Committee. 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 May 2023 and is a member of the IMB Capital and Securitisation Committee and IMB Community Foundation Committee, Mr Bissaker is also a director of all entities wholly owned by IMB Ltd.

Peter John Fitzgerald

B.COM FCA GAICD

Mr Fitzgerald has been a director of IMB Ltd since 2017. Mr Fitzgerald is the Chair of the Audit Committee and is a member of the People and Culture Committee. As well as being a director of IMB Ltd, Mr Fitzgerald is also a director of all entities wholly owned by IMB Ltd.

Jann Angela Gardner

BA LLB MBA GAICD

Ms Gardner has been a director of IMB since May 2020. Ms Gardner is the Chair of the IMB Community Foundation Committee and a member of the Capital & Securitisation Committee. 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 SA FIN MAF GAICD FGIA

Ms Traquair was appointed as a director of IMB Ltd 15 December 2022. Ms Traquair is a member of the Risk Committee and Audit Committee. 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 director of IMB since July 2020. Dr. Wendt is currently the Chair of the People and Culture Committee and is a member of the Risk Committee. 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

F FIN BSC FAICD Chartered Banker

Mr Whitehead has been a director of IMB Ltd since December 2021. Mr Whitehead is the Chair of the Risk Committee and a member of the Audit Committee. As well as being a director of IMB Ltd, Mr Whitehead is also a director of all entities wholly owned by IMB Ltd.

Statistical Highlights

at 31 December	Consolidated	
	2023	2022
Net assets/total assets	% 6.1	6.3
Risk weighted capital adequacy	% 15.0	15.3
APRA high quality liquid assets	% 18.5	18.4
Non-interest expenses/operating income	% 79.1	69.9
for the interim period ended 31 December		
Annualised after tax return on		
- average total assets	% 0.3	0.5
- average net assets	% 5.2	8.5
<hr/>		
Interim dividend per share*	cents 7.0	9.0

** Interim dividend relating to the profit for the period was declared after the end of the reporting period but before the signing of this report.*