

# Interim Financial Report 2020

imb bank | 1880-2020  
140 years



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2021 Head office photo credit: Jenssen Design Associates

# Chairman's Review



“Since 1880, IMB Bank has been there to help our members navigate periods of economic uncertainty and societal change.”

The last six months to December 2020 have continued to be challenging for our members and the broader community. IMB's focus has been to support our members through the disruption of the global pandemic and to build a bank that is more resilient and well-positioned to grow over the longer-term.

Since 1880, IMB Bank has been there to help our members navigate periods of economic uncertainty and societal change. In the first half of FY20-21, IMB Bank has again demonstrated the ability to adapt its operations so as to provide our members with tailored services and support, at the same time as maintaining sustainable financial health metrics and making further progress on our vision to be NSW's leading mutual bank.

## Overview of Half Year Financial Performance

The IMB Group recorded a net profit after tax of \$16.0 million for the half year to 31 December 2020, up 21% against \$13.2 million for the previous corresponding period. We are pleased with the strengthening of the profit result, noting the improvement should be viewed in the context of the significant reduction in

interest rates and bushfire related provisioning that affected the results of the same prior period.

The loan portfolio has been maintained, with overall total assets increasing to \$7 billion. With highly competitive market conditions prevailing, IMB Bank's average interest margin is being closely managed and was also maintained at an average of 2.11% for the six months to December 2020, reflective of our objective to balance the interests of borrower and depositor members when setting interest rates.

At 30 June 2020, IMB raised a provision of \$4m in respect of future credit losses that may occur in connection with COVID, with around 4.8% of borrowers having received some form of loan assistance from IMB Bank at the peak of the pandemic. A minor reduction to the level of the aforementioned provision to \$3.8m was made at 31 December 2020 based on portfolio movements. IMB's underlying credit quality is strong and we expect that there will be a more substantial reduction in the level of provisions at 30 June 2021 should economic conditions continue to improve. It is

# Chairman's Review

Continued

“The Board continues to be incredibly proud of all employees and recognises the resilience, adaptability and unwavering member-focus that has been required to support IMB Bank and our members through challenging conditions.”

encouraging that as at 31 December, there were less than 0.09% of borrowers receiving loan assistance.

With capital adequacy increasing to 16.5% at 31 December, and regulatory liquidity at 20%, the Board and management are ensuring balanced financial outcomes are achieved, with appropriate buffers being maintained to manage the risks of the uncertain environment.

## Strategy and Operations

While the day-to-day operational effort required to manage through the global pandemic cannot be understated, we have continued to look to the future and respond to the changing expectations of our members, who are increasingly adopting digital solutions and seeking a simpler banking experience.

Over the first half of the year we have continued to focus on the initial phase of a major transformation of our lending system, which delivers a highly efficient conditional loan approval for

new borrowers. Additional releases in functionality that improve the member experience across the end-to-end lending journey will be delivered over the course of the year.

We also continued to invest in IMB Bank's cyber security infrastructure and payment fraud detection systems and are in the process of enhancing IMB's internet banking application to give members more convenient self-service options.

The merger transaction with Hunter United Employees' Credit Union occurred on 1 May 2020, and we are well progressed with the systems integration which will be completed in the coming months, giving our 8,000 Hunter region members access to the full range of merger benefits.

Construction of IMB Bank's new head office building finished in December and we are delighted to be able to bring key teams back together to commence operating from the premises in February. Our relocation project also delivers the simplification of several core business processes and will provide our people with more flexible working arrangements.

Like all financial institutions, we have a significant regulatory change agenda to meet over the course of 2021, and we are committed to delivering the improved outcomes for customers that are intended to flow from the introduction of Design and Distribution Obligations, the Open Banking regime and through enhancements to internal dispute resolution systems.

## **Our People and Community**

The Board continues to be incredibly proud of all employees and recognises the resilience, adaptability and unwavering member-focus that has been required to support IMB Bank and our members through challenging conditions. Our people have worked tirelessly to minimise disruption and to provide outstanding service and solutions when our members have most needed it, and we want our members to know we will continue to do what is right to help families, businesses and communities through difficult times.

Despite the COVID-19 related disruptions, it was important to IMB Bank that its Community Foundation funding program was delivered. In late 2020,

29 local community groups and projects across NSW and the ACT shared in \$450,000 in IMB Community Foundation grants to update services and equipment, and support people in need. The events experienced throughout 2020 highlight the important role the IMB Bank Community Foundation plays at a grassroots level and we will continue to help build strong, resilient communities in the year ahead, with the application process for 2021 grants to open in the coming months.

## **Dividends**

Having considered a range of factors such as the current prudential guidance on capital distributions, the economic outlook, the interim profit result and the varying interests of all IMB Bank members, the Board has declared an interim dividend of nine (9.0) cents per share, fully franked. The effective dividend payout ratio is 71.1% of shareholders' interest in contributed funding.

The dividend will be paid after the close of trading on 4 March 2021 to IMB Bank shareholders registered at that date.

On the basis that it would not be an effective use of capital in the current environment, as previously announced, there are no plans for a buyback of IMB ordinary shares to be undertaken in the 2020-2021 financial year.

## **Outlook**

The outlook remains uncertain, but there are some early signs of recovery, with economic forecasts being more favourable than those in place at 30 June 2020. The Board and management are focused on maintaining IMB Bank's strong financial and prudent risk position which has been critical to our ability to withstand the impacts of the pandemic. We are encouraged by the level of deposit growth and new lending activity and are embracing the opportunity to accelerate digital transformation initiatives that make IMB Bank a stronger organisation.

Thank you to all members for your continued support of IMB Bank.



**NH Cornish AM**  
Chairman

# Directors' Report

As at 31 December 2020

The directors have pleasure in presenting their report together with the consolidated interim financial report for the six months ended 31 December 2020 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 2020 are:

<b>Name</b>	<b>Period of Directorship</b>
Noel Harold Cornish AM, Chairman	Director since 2010
Catherine Ann Aston	Director since 2016
Peter John Fitzgerald	Director since 2017
Jann Angela Gardner	Director since May 2020
Gai Marie McGrath	Director since 2016
Jan Margaret Swinhoe	Director since 2014
Margaret Elizabeth Towers	Director since 2011, retired 30 September 2020
Harry Walter Wendt	Director since July 2020

## Review of Operations

Members are referred to the Chairman's Review.

## Interim Dividend

Members are referred to the Chairman's Review.

## Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 31 December 2020.

## Rounding of Amounts

The Company is of a kind referred to in ASIC Instrument 2016/191 dated 30 June 2016 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 29th day of January 2021.

Signed in accordance with a resolution of the directors:



**NH Cornish AM**  
Chairman



**PJ Fitzgerald**  
Director

# Condensed Interim Income Statement

For the half year ended 31 December 2020

	<b>Consolidated</b>	
	<b>For the six months ended 31 Dec 2020 \$000</b>	<b>For the six months ended 31 Dec 2019 \$000</b>
Interest revenue	<b>98,918</b>	111,370
Interest expense	<b>(27,021)</b>	(48,035)
Net interest income	<b>71,897</b>	63,335
Impairment recoveries/(losses) on financial instruments	<b>134</b>	(604)
Net interest income after impairment losses	<b>72,031</b>	62,731
Fee and commission income	<b>5,264</b>	6,365
Fee and commission expense	<b>(132)</b>	(157)
Net fee and commission income	<b>5,132</b>	6,208
Other income	<b>551</b>	495
Net operating income	<b>77,714</b>	69,434
Operating expenses	<b>(54,849)</b>	(50,534)
<b>Profit before tax</b>	<b>22,865</b>	18,900
Income tax expense	<b>(6,884)</b>	(5,695)
<b>Profit for the period attributable to members of the Company</b>	<b>15,981</b>	13,205

The condensed interim profit or loss statement is to be read in conjunction with the condensed notes set out on pages 11 to 17.

# Condensed Interim Statement of Comprehensive Income

For the half year ended 31 December 2020

	<b>Consolidated</b>	
	<b>For the six months ended 31 Dec 2020 \$000</b>	<b>For the six months ended 31 Dec 2019 \$000</b>
<b>Profit for the period</b>	<b>15,981</b>	13,205
<b>Other comprehensive income/(expense):</b>		
<b>Items that will never be reclassified to profit or loss:</b>		
Net change in fair value of other financial asset at FVOCI	-	(8)
<i>Total items that will never be reclassified to profit or loss</i>	-	(8)
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of derivative liabilities	<b>63</b>	(565)
Net change in fair value of investment debt securities at FVOCI	<b>6,003</b>	(368)
Net change in fair value of investment debt securities at FVOCI transferred to profit and loss	<b>(506)</b>	-
<i>Total items that may be reclassified subsequently to profit or loss</i>	<b>5,560</b>	(933)
Total other comprehensive expense for the period, net of income tax	<b>5,560</b>	(941)
<b>Total comprehensive income for the period</b>	<b>21,541</b>	12,264

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 11 to 17.



# Condensed Interim Statement of Financial Position

As at 31 December 2020

	Consolidated	
	31 Dec 2020 \$000	30 Jun 2020 \$000
<b>ASSETS</b>		
Cash and cash equivalents	166,220	226,384
Investment debt securities	1,249,844	952,880
Deposits with other ADIs	94,022	98,644
Loans and advances to customers	5,403,181	5,390,648
Other financial assets	948	958
Derivative assets	5,154	5,064
Property, plant and equipment	92,659	85,605
Intangible assets	7,142	5,364
Net deferred tax assets	2,273	4,500
Other assets	15,716	16,543
<b>Total assets</b>	<b>7,037,159</b>	<b>6,786,590</b>
<b>LIABILITIES</b>		
Trade and other payables	46,938	34,426
Deposits	6,010,116	5,871,469
Securitised loans funding	207,184	240,198
Interest bearing liabilities	324,873	212,856
Current tax liabilities	2,627	2,637
Provisions	13,955	13,327
<b>Total Liabilities</b>	<b>6,605,693</b>	<b>6,374,913</b>
<b>Net Assets</b>	<b>431,466</b>	<b>411,677</b>
<b>EQUITY</b>		
Share capital	28,324	28,324
Reserves	82,034	76,794
Retained earnings	321,108	306,559
<b>Total equity attributable to members of the Company</b>	<b>431,466</b>	<b>411,677</b>

The condensed interim statement of financial position is to be read in conjunction with the condensed notes set out on pages 11 to 17.

# Condensed Interim Statement of Cash Flows

For the half year ended 31 December 2020

	<b>Consolidated</b>	
	<b>For the six months ended 31 Dec 2020 \$'000</b>	For the six months ended 31 Dec 2019 \$'000
	<b>Note</b>	
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Interest received	<b>95,512</b>	110,989
Other cash receipts in the course of operations	<b>6,580</b>	6,802
Interest paid on deposits	<b>(30,515)</b>	(55,006)
Net increase in deposits	<b>142,141</b>	241,891
Income taxes paid	<b>(4,667)</b>	(8,662)
Net loans funded to members	<b>(15,240)</b>	(156,575)
Other cash payments in the course of operations	<b>(35,866)</b>	(38,843)
<b>Net cash flows from/(used in) operating activities</b>	<b>157,945</b>	100,596
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Net (payments for)/redemptions of investment debt securities and loans and advances to ADIs	<b>(280,560)</b>	(11,879)
Expenditure on property, plant and equipment, and intangibles	<b>(14,465)</b>	(16,143)
Proceeds from sale of property, plant and equipment	<b>179</b>	242
<b>Net cash flows from/(used in) investing activities</b>	<b>(294,846)</b>	(27,780)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Net repayments from securitised loans funding	<b>(33,013)</b>	(56,711)
Net proceeds from interest bearing liabilities	<b>111,558</b>	21,235
Own shares acquired	<b>-</b>	(3)
Dividends paid	<b>(1,808)</b>	(2,532)
	5	
<b>Net cash flows from/(used in) financing activities</b>	<b>76,737</b>	(38,011)
Net (decrease)/increase in cash and cash equivalents held	<b>(60,164)</b>	34,805
Cash and cash equivalents at 1 July	<b>226,384</b>	96,306
<b>Cash and cash equivalents at 31 December</b>	<b>166,220</b>	131,111
	6	

The condensed interim statement of cash flows is to be read in conjunction with the condensed notes set out on pages 11 to 17.

# Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2019

In thousands of AUD	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
<b>Balance at 1 July 2019</b>	<b>28,324</b>	<b>3,445</b>	<b>-</b>	<b>7,140</b>	<b>25,255</b>	<b>12,894</b>	<b>285,650</b>	<b>362,708</b>
<b>Total comprehensive income for the period</b>								
Profit after tax	-	-	-	-	-	-	13,205	13,205
<b>Other comprehensive income</b>								
Net revaluation movement due to change in fair value	-	(376)	(565)	-	-	-	-	(941)
Total other comprehensive income	-	(376)	(565)	-	-	-	-	(941)
Total comprehensive income for the period	-	(376)	(565)	-	-	-	13,205	12,264
Transfer from retained profits	-	-	-	215	-	-	(215)	-
<b>Transactions with owners, recorded in equity</b>								
Own shares acquired	-	-	-	-	-	-	(3)	(3)
Dividends to shareholder members	-	-	-	-	-	-	(2,532)	(2,532)
<b>Balance at 31 December 2019</b>	<b>28,324</b>	<b>3,069</b>	<b>(565)</b>	<b>7,355</b>	<b>25,255</b>	<b>12,894</b>	<b>296,105</b>	<b>372,437</b>

# Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2020

In thousands of AUD	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
<b>Balance at 1 July 2020</b>	<b>28,324</b>	<b>2,772</b>	<b>3,545</b>	<b>7,517</b>	<b>25,255</b>	<b>37,705</b>	<b>306,559</b>	<b>411,677</b>
<b>Acquired on merger</b>	-	-	-	-	-	56	-	56
<b>Total comprehensive income for the period</b>								
Profit after tax	-	-	-	-	-	-	15,981	15,981
<b>Other comprehensive income</b>								
Net revaluation movement due to change in fair value	-	6,003	63	-	-	-	-	6,066
Investment debt securities at FVOCI reclassified to profit or loss	-	(506)	-	-	-	-	-	(506)
Total other comprehensive income	-	5,497	63	-	-	-	-	5,560
Total comprehensive income for the period	-	5,497	63	-	-	-	15,981	21,541
Transfer from retained profits	-	-	-	(376)	-	-	376	-
<b>Transactions with owners, recorded in equity</b>								
Dividends to shareholder members	-	-	-	-	-	-	(1,808)	(1,808)
<b>Balance at 31 December 2020</b>	<b>28,324</b>	<b>8,269</b>	<b>3,608</b>	<b>7,141</b>	<b>25,255</b>	<b>37,761</b>	<b>321,108</b>	<b>431,466</b>

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 11 to 17.

# Condensed Notes to the Consolidated Interim Financial Statements

For the half year ended 31 December 2020

## 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 2020 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 2020 is available upon request from the Company’s registered office at 253-259 Crown Street, Wollongong or at [imb.com.au](http://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 2020.

This consolidated interim financial report was approved by the Board of Directors on 29 January 2021.

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 2020.

#### COVID-19

The Novel Coronavirus (COVID-19) continues to have an impact on global economies and financial markets. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments, and regulators.

The Group's outlook towards macroeconomic scenarios at the end of the reporting period remained broadly consistent with the scenarios applied as at 30 June 2020.

Individual macroeconomic factors within those scenarios have however been adjusted for published data.

The processes applied are consistent with the approach applied in the preparation of the annual financial statements for the year ended 30 June 2020.

The COVID-19 overlay, included in the provision for expected credit losses to reflect the estimated impact of the COVID-19 pandemic, at 31 December 2020 was \$3,840,000 (30 June 2020: \$4,007,000).

## 4 Changes in significant accounting policies

The Group has initially adopted *Interest Rate Benchmark Reform (Amendments to AASB 9, AASB 139 and AASB 7)* from 1 July 2020.

This reform of major interest rate benchmarks is being undertaken globally, including the replacement of interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has no exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

Other than the matter discussed above, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2020.

## 5 Dividends

	<b>For the six months ended Dec 2020 \$000</b>	<b>For the six months ended Dec 2019 \$000</b>
Fully franked final dividend declared on 26 August 2019		
- \$0.105 per share franked to 100% at a tax rate of 30% paid on 3 September 2019 on 24,110,261 shares	-	2,532
Fully franked final dividend declared on 14 September 2020		
- \$0.075 per share franked to 100% at a tax rate of 30% paid on 21 September 2020 on 24,110,261 shares	<b>1,808</b>	-
	<b>1,808</b>	2,532

### Subsequent events:

On 29 January 2021, the Board declared an interim dividend of 9 cents per share amounting to \$2,170,000 franked to 100% at a tax rate of 30%, in respect to the six months ended 31 December 2020. The dividend is payable on 4 March 2021. 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 2020 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:

	<b>For the six months ended Dec 2020 \$000</b>	<b>For the six months ended Dec 2019 \$000</b>
Cash controlled by the Group	<b>85,635</b>	83,906
Cash controlled by SPEs	<b>80,585</b>	47,205
Total	<b>166,220</b>	131,111

## 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.

#### 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.



31 December 2020	Carrying amount \$000	Fair value			Total consolidated \$000
		Level 1 \$000	Level 2 \$000	Level 3 \$000	
<b>Financial assets measured at FVOCI</b>					
Investment debt securities	1,249,844	-	1,249,844	-	1,249,844
Derivative financial assets	5,154	-	5,154	-	5,154
Other financial assets	948	-	-	948	948
	<b>1,255,946</b>				
<b>Financial assets measured at amortised cost</b>					
Cash and cash equivalents	166,220				
Deposits with other ADIs	94,022				
Loans and advances to customers	5,403,181	-	-	5,418,391	5,418,391
Trade and other receivables	15,716				
	<b>5,679,139</b>				
<b>Financial liabilities measured at amortised cost</b>					
Deposits	6,010,116	-	6,020,438	-	6,020,438
Securitised loan funding	207,184				
Interest bearing liabilities	324,873				
Trade and other payables	46,938				
	<b>6,589,111</b>				

30 June 2020	Carrying amount \$000	Fair value			Total consolidated \$000
		Level 1 \$000	Level 2 \$000	Level 3 \$000	
<b>Financial assets measured at FVOCI</b>					
Investment debt securities	952,880	-	952,880	-	952,880
Derivative financial assets	5,064	-	5,064	-	5,064
Other financial assets	958	-	-	958	958
	958,902				
<b>Financial assets measured at amortised cost</b>					
Cash and cash equivalents	226,384				
Deposits with other ADIs	98,644				
Loans and advances to customers	5,390,648	-	-	5,418,087	5,418,087
Other assets	16,543				
	5,732,219				
<b>Financial liabilities measured at amortised cost</b>					
Deposits	5,871,469	-	5,887,697	-	5,887,697
Securitised loan funding	240,198				
Interest bearing liabilities	212,856				
Trade and other payables	34,426				
	6,358,949				

## 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.

## 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:

	31 Dec 2020	30 June 2020
Derivatives	<b>0.02% - 0.39%</b>	0.14% - 0.42%
Loans and borrowings	<b>0.10% - 0.39%</b>	0.25% - 0.42%

## 8 Related parties

Arrangements with current related parties continue to be in place. For details on these arrangements, refer to the 30 June 2020 annual financial report.

## 9 Events Subsequent to Reporting Date

### Dividends

For dividends declared by IMB Ltd after 31 December 2020 refer to note 5.

### Other

There were no other events subsequent to balance date.

# 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 17, 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 2020 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 29th day of January 2021.

Signed in accordance with a resolution of the directors:



**NH Cornish AM**  
Chairman



**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 2020 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 Interim Statement of Financial Position as at 31 December 2020
- Condensed Interim Profit or Loss Statement, 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 9 comprising a summary of significant accounting policies and other explanatory information
- 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 2020.

## 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 the Code.

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## 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*
- 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 2020 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 a 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

Richard Drinnan

Partner

Wollongong

29 January 2021



# 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 half-year ended 31 December 2020 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

Richard Drinnan

Partner

Wollongong

29 January 2021

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# Directors' Particulars

## Noel Harold Cornish AM

BSC (MET) M ENGSC FAICD

Mr Cornish has been a director of IMB Ltd since 2010 and was elected Chairman in 2016. Mr Cornish is Chairperson of the Capital and Securitisation Committee and is a member of the People and Culture Committee. As well as being Chairman of IMB Ltd, Mr Cornish is also Chairman of all entities wholly owned by IMB Ltd.

## Catherine Ann Aston

B.EC M. COMM TFASFA GAICD

Ms Aston has been a director of IMB Ltd since 2016. Ms Aston is a Chairperson of the Risk Committee and is a member of the Audit Committee and the Capital and Securitisation Committee. As well as being a director of IMB Ltd, Ms Aston is also a director of all entities wholly owned by IMB Ltd.

## Peter John Fitzgerald

BCOM FCA GAICD

Mr Fitzgerald has been a director of IMB Ltd since 2017. Mr Fitzgerald is Chairperson of the Audit Committee, and is a member of the Capital and Securitisation Committee and the IMB Community Foundation 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 non-executive director of IMB since May 2020. Ms Gardner is a member of the Audit Committee and the IMB Community Foundation Committee. As well as being a director of IMB Ltd, Ms Gardner is also a director of all entities wholly owned by IMB Ltd.

## Gai Marie McGrath

BA LLB (HONS) LLM (DISTINCTION) GAICD

Ms McGrath has been a director of IMB Ltd since 2016. Ms McGrath is the Chairperson of the People and Culture Committee. Ms McGrath is also a member of the Risk Committee and the Capital and Securitisation Committee. As well as being a director of IMB Ltd, Ms McGrath is also a director of all entities wholly owned by IMB Ltd.

## Jan Margaret Swinhoe

BSC (HONS) AIAA GAICD

Ms Swinhoe has been a director of IMB Ltd since 2014. Ms Swinhoe is the Chairperson of the IMB Community Foundation Committee and is a member of the Risk Committee and People and Culture Committee. As well as being a director of IMB Ltd, Ms Swinhoe 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 since July 2020. Dr. Wendt is currently a member of the Risk Committee and the People and Culture Committee. As well as being a director of IMB Ltd, Dr. Wendt is also a director of all entities wholly owned by IMB Ltd.



# Statistical Highlights

		Consolidated	
		2020	2019
<b>at 31 December</b>			
Net assets/total assets	%	<b>6.1</b>	5.9
Risk weighted capital adequacy	%	<b>16.5</b>	15.1
APRA high quality liquid assets	%	<b>20.0</b>	15.8
Non-interest expenses/operating income	%	<b>70.6</b>	72.8
<b>for the half year ended 31 December</b>			
Annualised after tax return on			
- average total assets	%	<b>0.5</b>	0.4
- average net assets	%	<b>8.0</b>	7.3
Interim dividend per share*	cents	<b>9.0</b>	8.0

\* 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.

# Corporate Directory

## Members' diary and other information

Payment of interim dividend is 4 March 2021.

## Company Secretary

Lauren Wise  
(BA LLB Grad Dip. Legal Practice)

## Registered office

253-259 Crown Street  
Wollongong NSW 2500

## Share registry

IMB Ltd is not listed on the Australian Stock Exchange.

Shares are traded under an Australian Market Licence held by the Company.

## The share register is available for inspection at:

Level 6 Executive Services  
253-259 Crown Street  
Wollongong NSW 2500

## Advisors

### SOLICITORS

Watson Mangioni  
23/85 Castlereagh Street  
Sydney NSW 2000

### AUDITORS

#### KPMG

Level 7  
77 Market St  
Wollongong NSW 2500



**[imb.com.au](https://www.imb.com.au)**

IMB Ltd trading as IMB Bank ABN 92 087 651 974