

08 October 2013

IMB Announces Off-Market Share Buyback

IMB's Board is pleased to announce details of the second in a proposed series of buybacks under which it intends to buy back up to \$14 million worth of its ordinary shares on issue through an off-market tender ("Buyback").

Details of the Buyback are outlined below. Full terms of the Buyback will be set out in a booklet which will be mailed to eligible participants by 18 October 2013.

Details of the Buyback

The Buyback is open to all eligible IMB shareholders. In general, shareholders who are registered holders of IMB shares on 11 October 2013 and are resident in Australia or in countries in which IMB determines it is lawful for it to issue the invitation to participate will be eligible to participate.

Participation in the Buyback is voluntary. The tender process provides flexibility for shareholders because they can tailor their level of participation to suit their own circumstances.

Under the proposed tender process, eligible shareholders may tender some or all of their shares for sale at discounts of between 8% and 14% inclusive (at 1% intervals) to the volume weighted average price of IMB shares over the 10 days on which IMB shares have traded prior to 08 October 2013 of \$4.50, adjusted for the movement in the S&P/ASX Small Ordinaries index from 08 October 2013 (the announcement of the buyback) to 20 November 2013 (the closing date of the tender period). Shareholders may also tender their shares as a final price tender, which is an election to receive the final Buyback Price as determined by IMB.

When the tender period closes, IMB will determine the final Buyback Price based on the largest discount that will enable IMB to purchase the amount of capital it decides to buy back. While IMB intends to buy back up to \$14 million worth of shares, it may buy back a smaller number of shares or no shares at all.

IMB may buy back shares tendered at a discount greater than, or equal to, the final discount (or as a final price tender), subject to any scale back requirements. The scale back has been structured to ensure that eligible shareholders with small holdings are not disadvantaged.

All shareholders whose tenders are successful will receive the same Buyback Price. No share trading administration fee will be payable by shareholders who choose to participate in the buyback.

Full terms of the Buyback will be set out in a booklet which will be mailed to eligible participants by 18 October 2013.

Tax Considerations

For Australian tax purposes, the Buyback is expected to comprise:

- a capital component of \$1.18 per share; and
- a fully franked dividend component equal to the Buyback price less \$1.18.

For capital gains tax purposes, the Sale Consideration received by IMB's shareholders is expected to be the capital component of \$1.18 plus the difference between the Buyback Price and the Deemed Market Value (i.e. the buyback discount).

Shareholders should note that this differs from the position in the 2012 Buyback, where the ATO ruled that the Deemed Market Value was equal to the Buyback Price (despite the Buyback Price being at a discount to the Deemed Market Value) and therefore no adjustment to the capital component was necessary to determine the Sale Consideration for capital gains tax purposes. IMB is required to seek a new ruling from the ATO for each share buyback that it undertakes. In the draft class ruling for this Buyback the ATO did not maintain the position that the Buyback Price is equal to the Deemed Market Value. Rather, the ATO has stated that the Buyback Discount will be treated as additional deemed sale consideration.

For some of IMB's shareholders, depending on their individual circumstances, the after tax proceeds from participating in the Buyback may be greater than that from a sale of their shares on the IMB Market. The Buyback will have different tax consequences for different shareholders and shareholders should obtain their own tax advice to take account of their particular circumstances.

Buyback Timetable

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| 8 October 2013 | Announcement of Buyback |
| 11 October 2013 | Record Date. Shares acquired after this date will not confer an entitlement to participate in the Buyback |
| 18 October 2013 | Completion of mail out of Buyback documents to eligible shareholders entitled to participate in the Buyback |
| 21 October 2013 | The tender period opens |
| 20 November 2013 | Closing date. Tenders must be received by IMB by no later than 5.00pm (Sydney time) |
| 28 November 2013 | Buyback date. Announcement of the Buyback Price, the number of shares being bought back and any scale back |
| 29 November 2013 | Buyback proceeds despatched to successful participants by direct credit to their nominated account |

While IMB does not expect any changes to these dates, it reserves the right to change them without prior notice.

Further Information

Further information about the Buyback can be found in the Buyback booklet which will be mailed to eligible shareholders and on IMB's website at www.imb.com.au.

If shareholders have any questions in relation to the Buyback, please call the Buyback information line on 1300 585 271 from within Australia or 61 2 4298 0190 from outside Australia between the hours of 9.00am to 5.00pm (Sydney time), Monday to Friday.