

IMB Ltd Annual General Meeting 2010

Chairman's Address

Michael Cole

Celebrating 130 Years

- ❑ Assets \$4.5 billion
- ❑ 41 branches
- ❑ 180,000 Members
- ❑ IMB Community Foundation - total grants of \$5.2 million in support of 254 projects since 1999



*Supporting the communities in
which IMB Members live & work*



Returns Balanced with Risk

- ❑ Strong financial results
- ❑ 27.1% increase in profit
- ❑ Improved net interest margin
- ❑ Efficiency ratio improved
- ❑ Return on assets increased to 0.65%
- ❑ Strong liquidity
- ❑ Maintained strong asset quality and low level of credit losses

Member Questions

- ❑ Removal of Disclosures from the Financial Statements/ Annual Report
- ❑ The Payout Ratio / Level of Dividend Distribution, Franking Credits and the DRP
- ❑ Mergers and the Wind-up Rule
- ❑ Mutual Member Equity Contributions and Entitlements
- ❑ Capital Structure of IMB (ordinary share buy back)

Member Questions

- ❑ Stakeholder Engagement
- ❑ Director Remuneration and Age Disclosure
- ❑ New Branch Location
- ❑ Bad and Doubtful Debt Expense
- ❑ IMB Product and Services

Celebrating 130 years

Chief Executive's Address

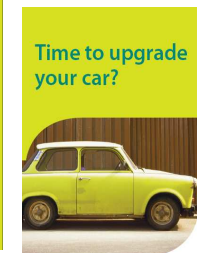
Robert Ryan

Delivering Strategy

- Diversifying IMB's deposit base
 - Retail deposits now 56%, up more than 20% from 2007
- Amended distribution model for residential loans
 - Direct loan writings \$623 million as compared to \$470 million in 2007
- Margin improved from 1.63% to 2.11%
- Expanded distribution
 - New branches at Cronulla and Sylvania with Narellan loan centre converted to a full service branch
 - New branch locations under review
 - Business Banking expanded to Sydney and the South Coast

Delivering Products

- Product initiatives
 - *Everyday Unlimited* account
 - DIY Superannuation account
 - Business Cash Management Account
 - Bank Bill linked loan
 - First Home Savers Account
 - Personal loan for New Cars
 - *Kick Start* package



You need an IMB New Car Loan!

133 462
imb.com.au



Delivering Better Value Banking

- ❑ Low fee alternative
 - ✓ **80% of Members do not pay transaction fees on their accounts**
- ❑ Website refresh
- ❑ Internet banking upgraded including '2 factor authentication'
- ❑ Visa 'chip' cards improving card security
- ❑ National ATM network
- ❑ Consistently met 48 hour loan turn around

Key Results

Solid result reflecting strength and stability

Profit: \$29.1 million after tax	✓ Up \$6.2M or 27.1% ✓ Normalised profit up 33.0% from 2009
Total assets: \$4.7 billion	✓ Increase of \$252M or 5.7%
Deposits: \$3.4 billion	✓ Grew by \$204M or 6.5%
Loan approvals: \$725 million	✓ Up \$160M or 28.3%
Efficiency Ratio: 60.1%	✓ Improved from 64.4 %
ROE: 13.9%	✓ Up from 12.0%
Dividends: 29 cents per share	✓ 23% increase on 2009 dividend

2010 Highlights

- ❑ Celebrating 130 years
- ❑ 11,000 new Members
- ❑ Awarded "Money Magazine Building Society of the Year for 2010"
- ❑ Winner of the Illawarra Business Chamber's award for the Property & Finance – our third award in succession, as well as the award for Workplace Safety and OH&S
- ❑ IMB named exclusive provider for the ACT Housing Shared Equity Scheme

Member satisfaction 97%

Building
Society of
the Year.

Again!

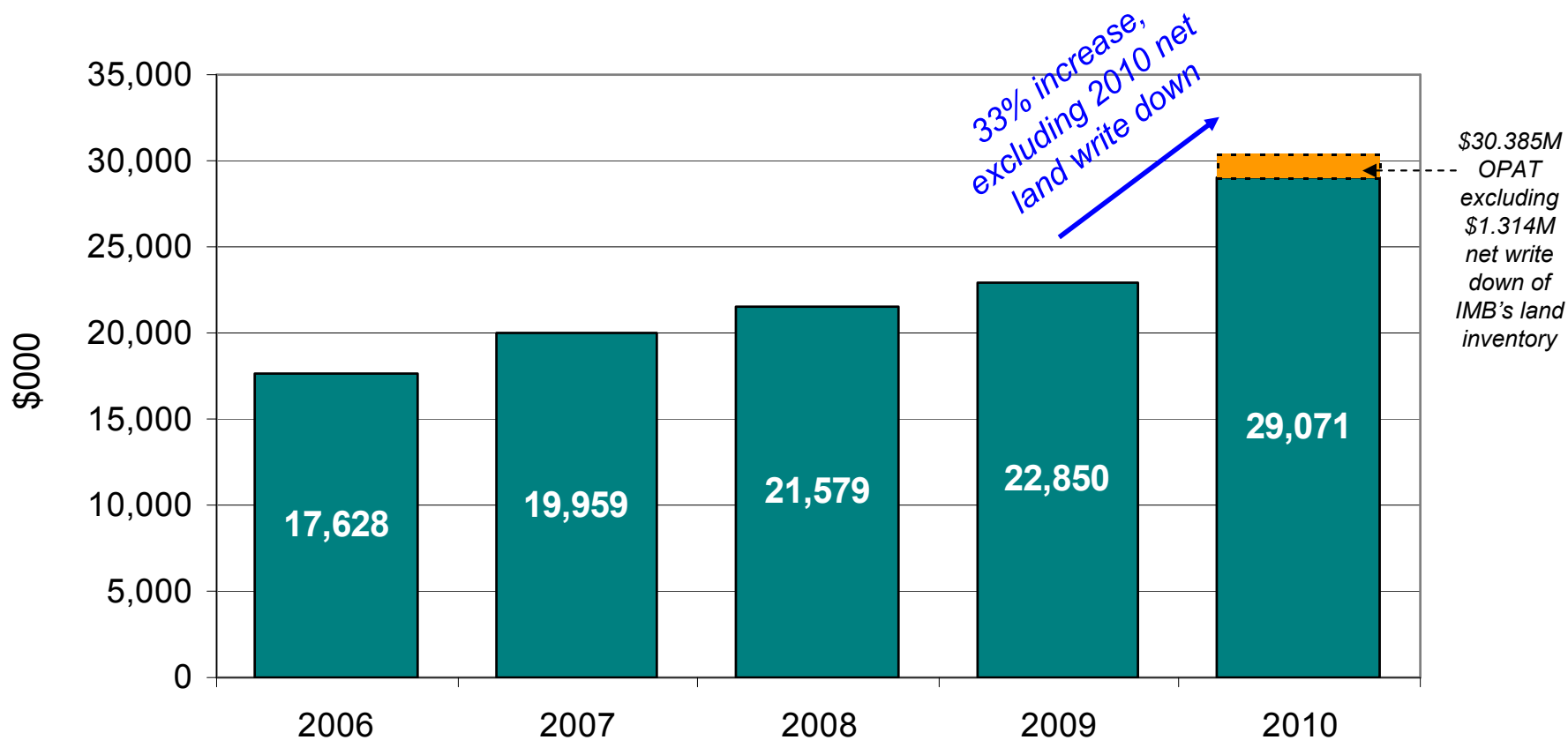
Money magazine's Building Society of the Year 2005, 2006, 2009, 2010.



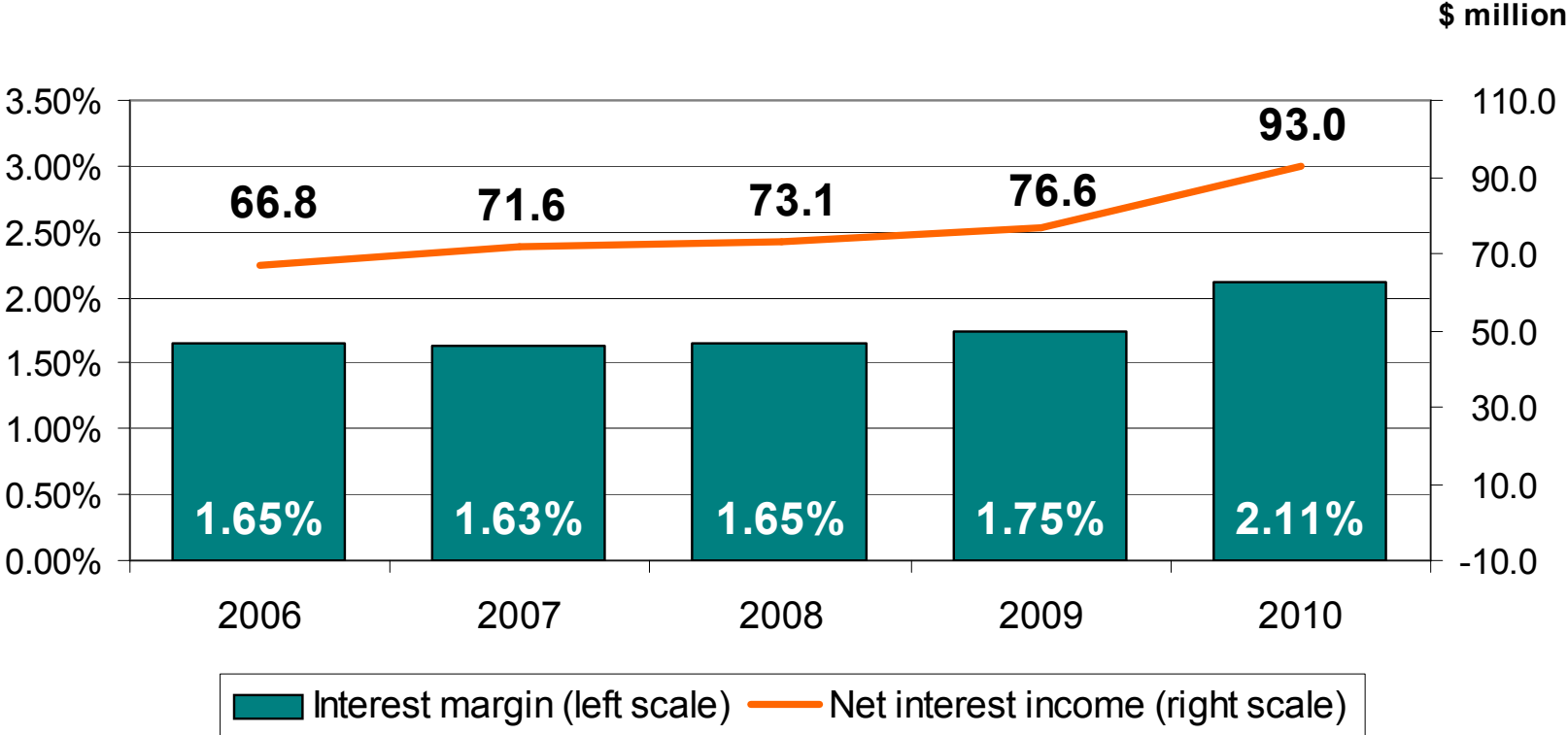
*Celebrating our 130th year
1880 - 2010*



Operating Profit after Tax



Interest Margin



Non Interest Income

\$ million

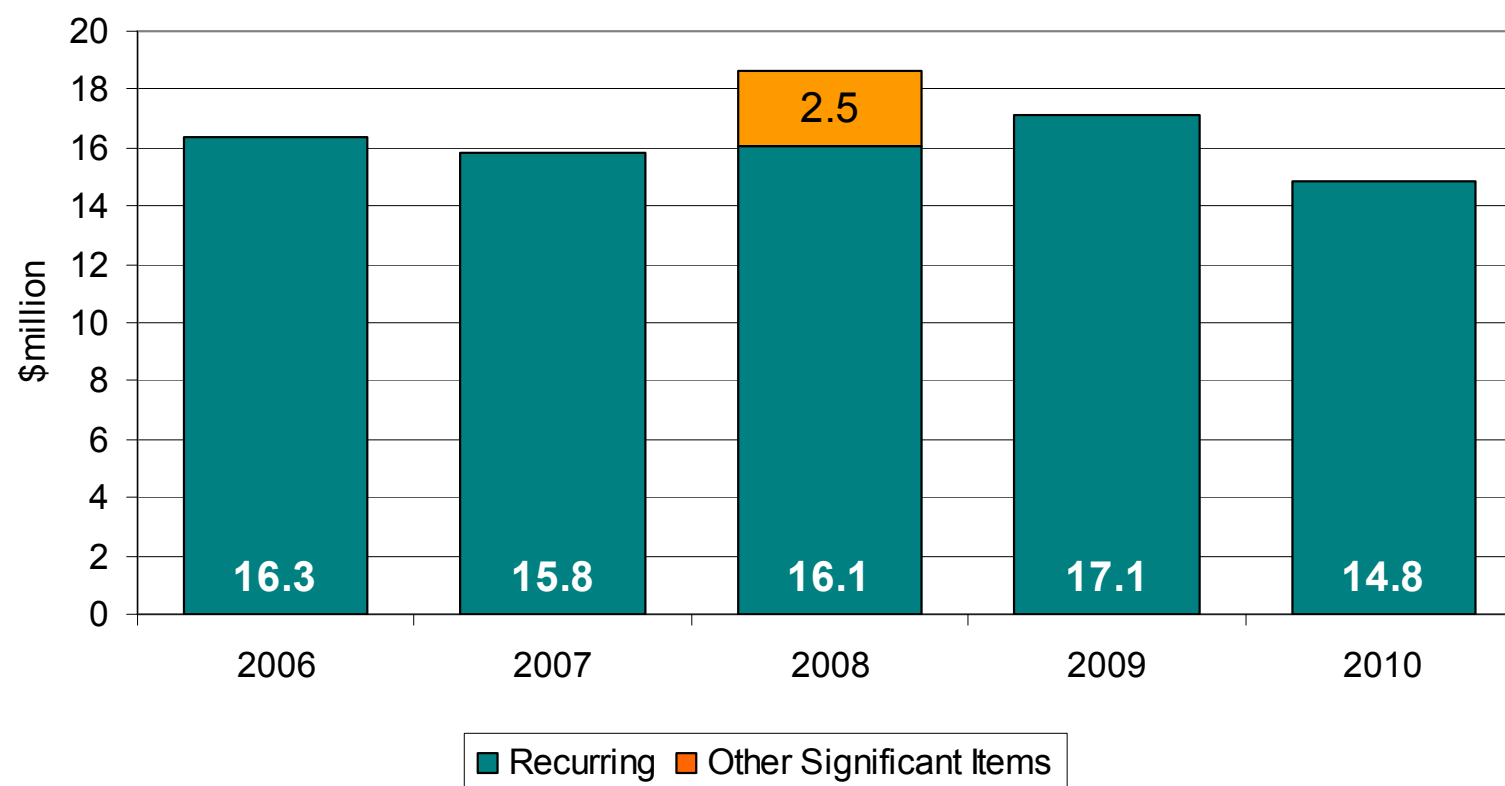
16.3

15.8

18.6

17.1

14.8



Non Interest Expenses

\$ million

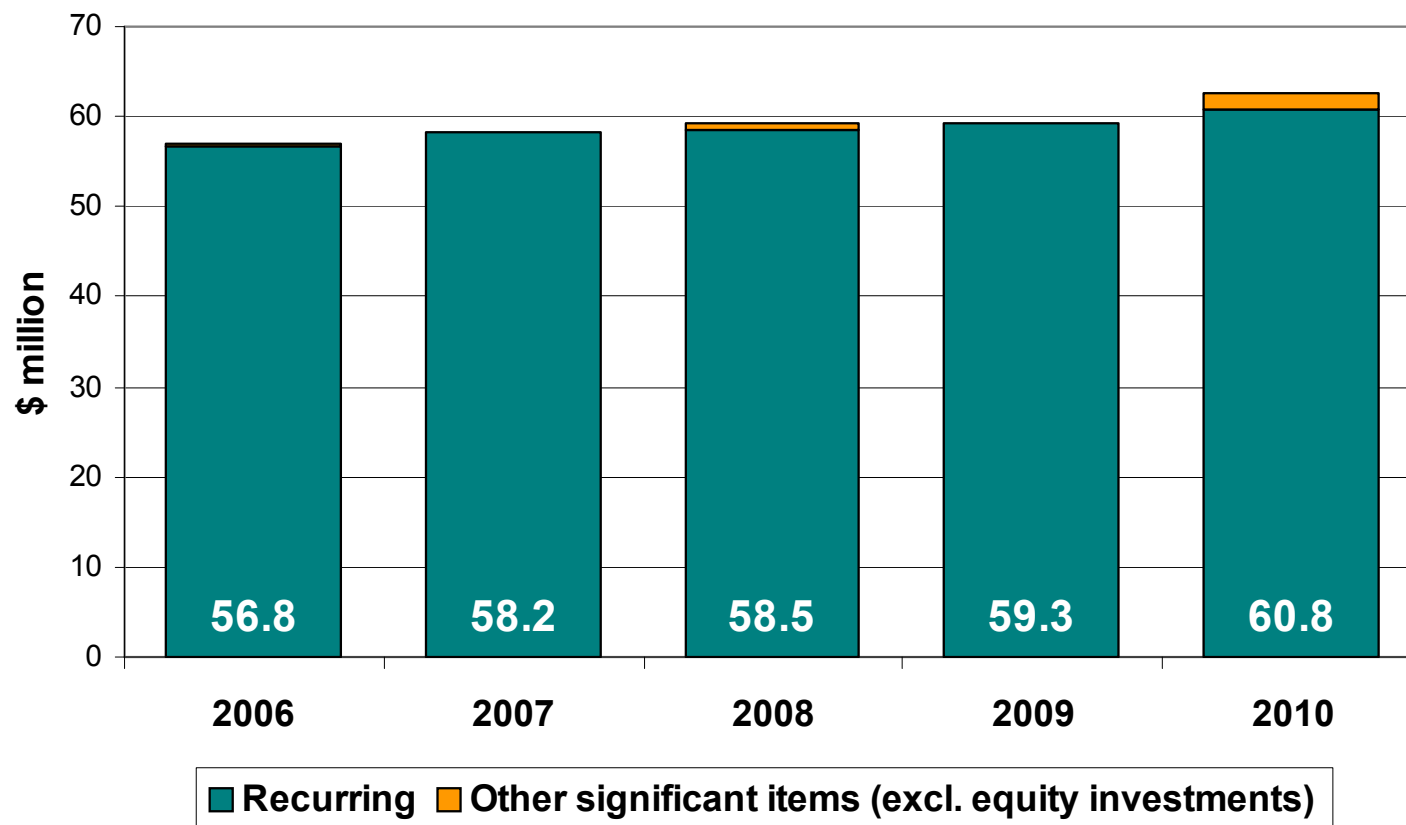
56.9

58.2

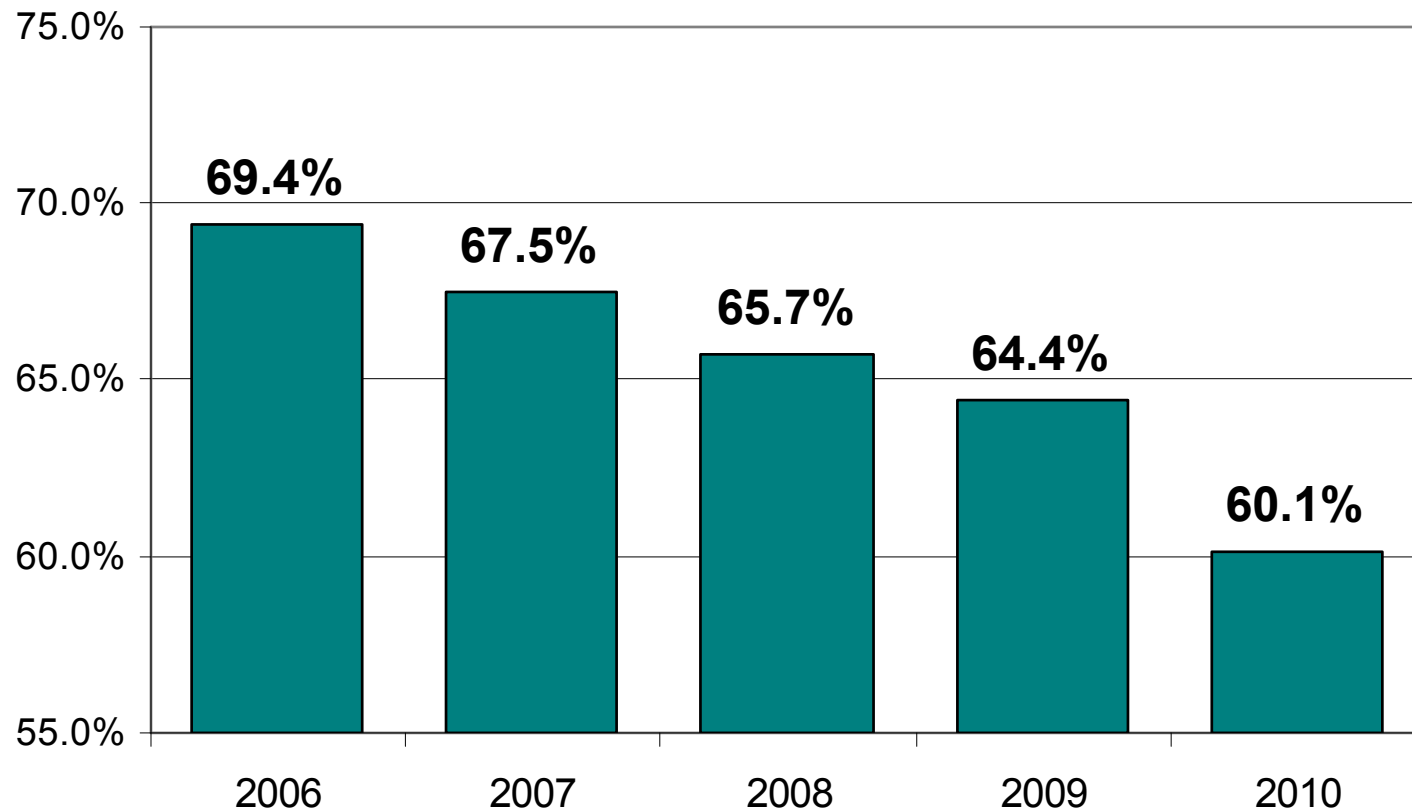
59.3

59.3

62.6

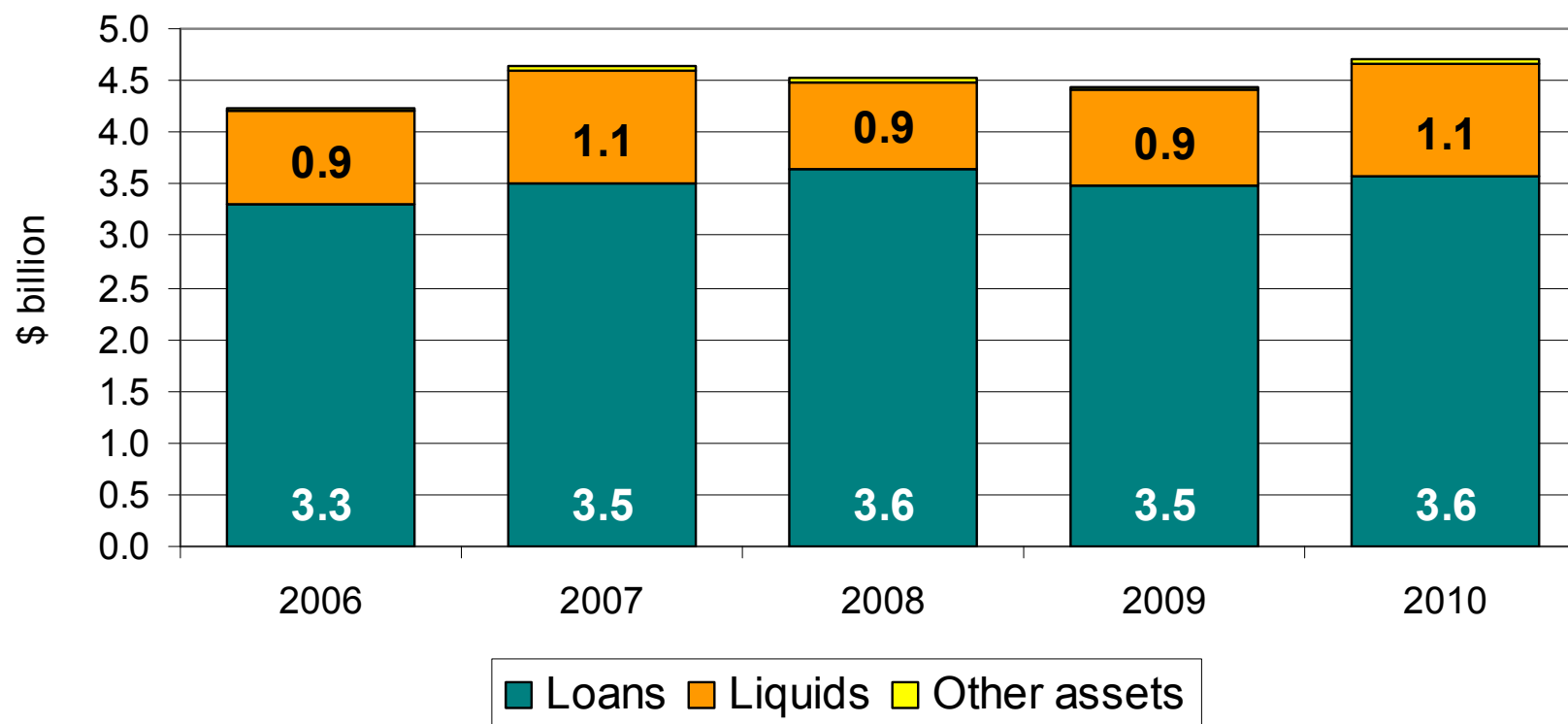


Improved Efficiency Ratio

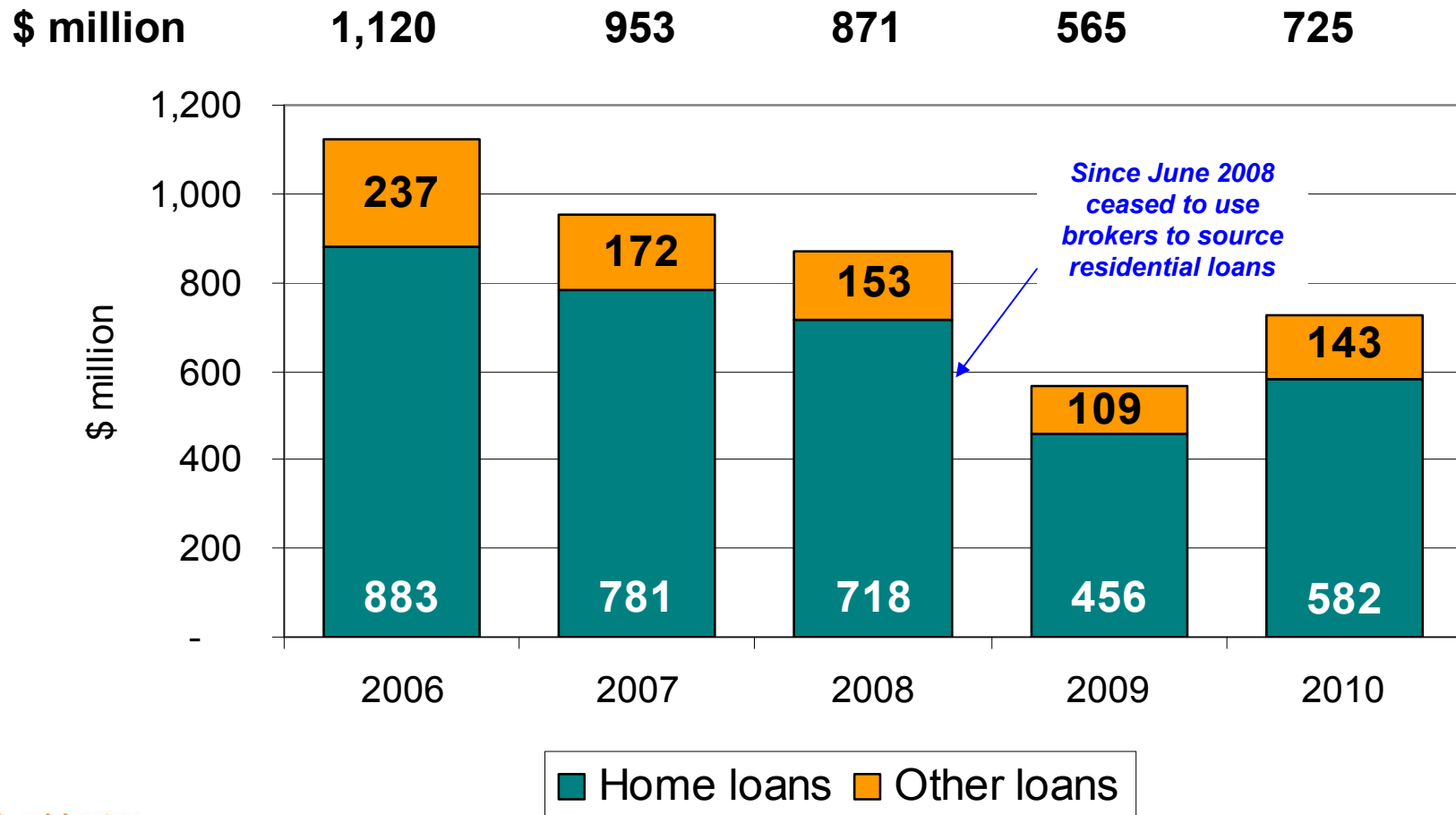


Total Assets

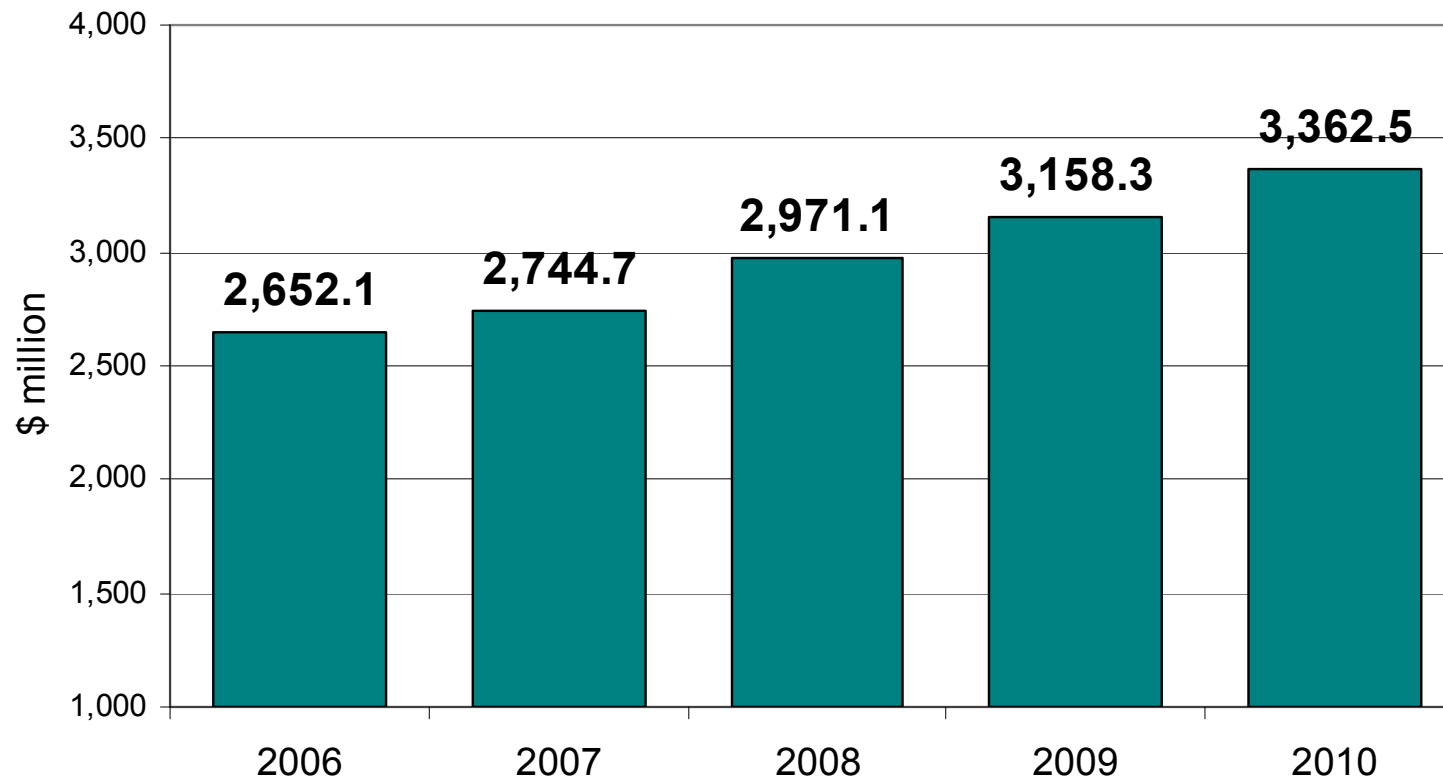
\$ billion **4.2** **4.6** **4.5** **4.4** **4.7**



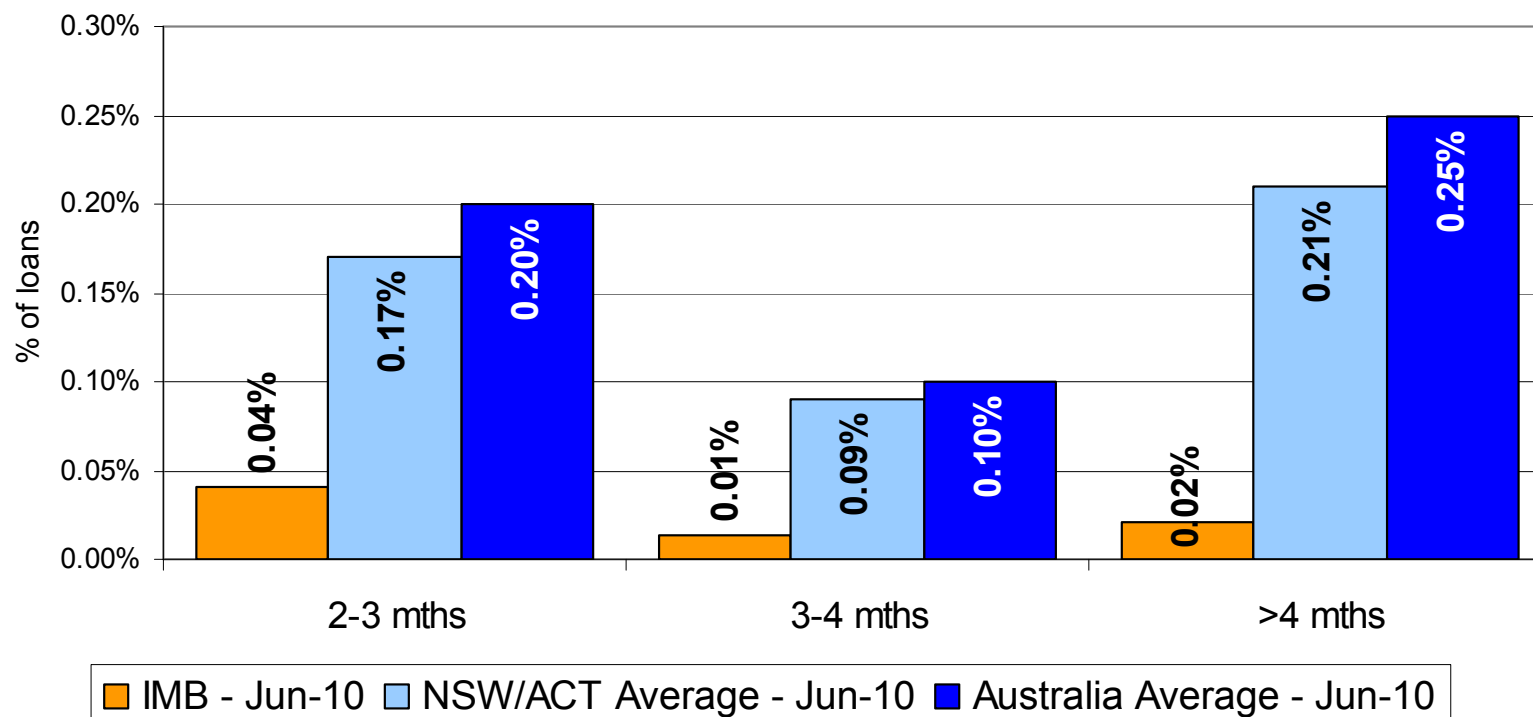
Loan Approvals



Strong retail deposit growth

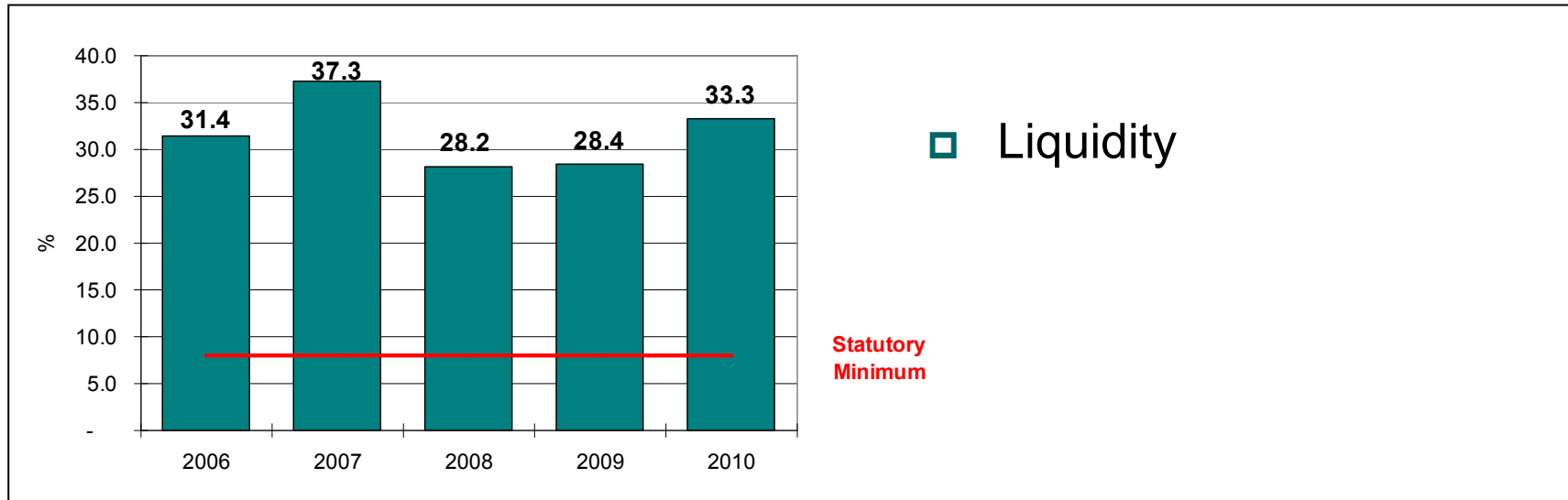


Asset quality remains strong

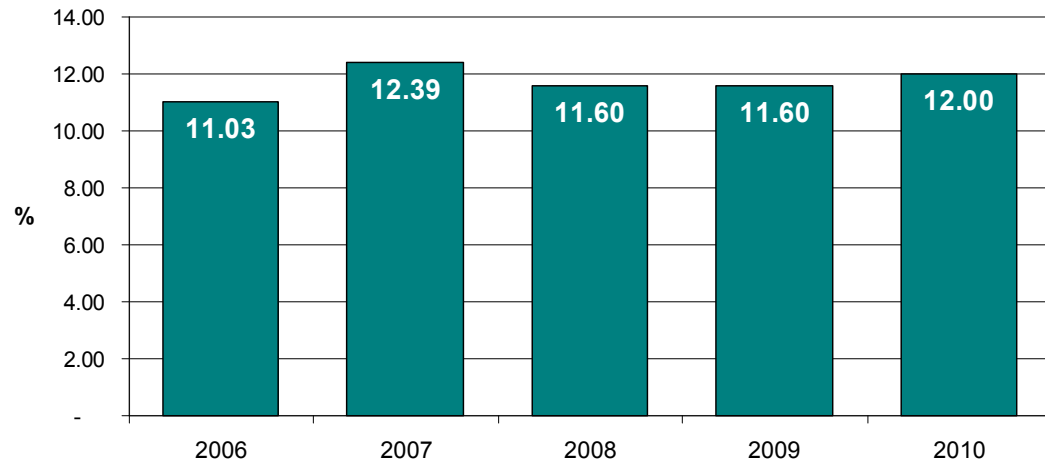


Source: QBELMI Quarterly Arrears Survey

High levels of liquidity and capital



□ Capital Adequacy



Ongoing Initiatives

- ❑ Continued expansion of branch network
 - ACT
 - Sutherland Shire
- ❑ Review **IMB** brand positioning
- ❑ Member growth and retention
- ❑ Reducing funding costs
- ❑ Increasing productivity of loan writers
- ❑ Improve income from ancillary products
- ❑ Online Strategy
- ❑ Regulatory changes
- ❑ Merger opportunities

IMB remains cautiously optimistic

- 2010/11 results will be supported by:
 - ✓ stable net interest margin
 - ✓ Sound credit conditions
 - ✓ Disciplined approach to cost containment
 - ✓ Asset growth dependent on economic condition
 - ✓ Strong retail deposit base
- Strong liquidity and capital positions
- 130 years of providing a real alternative to the banks

