Australian Military Bank

2025
Annual Report

Serving the Defence community since 1959

Our History

1959

Our journey begins as the Navy (Civil Staff) Co-op (NSW), exclusively serving Navy personnel.

1971

We progress into serving the Army, RAAF and civilians.

1983

Reflecting our popularity amongst the military, our name is changed to Australian Defence Credit Union.

2015

We are renamed 'Australian Military Bank,' maintaining our member ownership model, whilst appealing to a wider contingent of Australians.

2018

We complete our Core Banking System migration as part of our digital transformation.

2020

We reach a milestone of $200,000 in donations to our charity partners via our Military Rewards Account.

2000

Our branches are found on Australian Defence Force bases nationwide.

2008

The Australian Government selects us as a provider of Defence Home Ownership Assistance Scheme (DHOAS) loans.

2014

We launch our RSL Money brand, supporting the RSL through white labelled products.

2023

We move to our new sustainable head office at 1 Bligh Street in Sydney.

2024

We are named in Forbes World's Best Banks 2024 and awarded Canstar's Customer Owned Bank of the Year for Everyday Banking. We are also named WeMoney Home Loan Lender of the Year (Defence Services) for the third year running.

2025

Canstar names us their Customer Owned Bank of the Year for Everyday Banking for the second year in a row.

2025 Achievements

$6.5M
net profit after tax.

$3.8B
in member loans and deposits.

$414K
donated to charity partners*.

141
employess and 18 branches on Defence bases.

10%
of staff with an existing Defence connection.

88%
sustainable employee engagement.

+49
Net Promoter Score of member satisfaction (scale –100 to + 100).

1,798
members helped into a new home.

499
members helped into a new car.

Since the inception of our Military Rewards cents gifting initiative.

Australian Military Bank

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Annual Report 2025

Welcome and Overview

The 2024/25 financial year saw mixed consumer confidence. Whilst unemployment remained low at 4%, and cash rates started to decrease, general cost-of-living pressures continued, which were exacerbated by the high cost of housing. In this fiercely competitive environment, dominated by large commercial, profit-driven banks, we set ourselves some ambitious targets to position the Bank for further growth. This has included creating a step-change in how we support our members, as they navigate often challenging situations.

Remaining committed to our members and ensuring we always provide vital personal service, means we cannot rest on 'good enough'. Together with digital and technological innovation in banking, our purpose, 'Our Members are Our Mission' remains our core focus.

Our Results

The 2025 financial year saw strong results for the Bank. Along with a net profit after tax of $6.5 million - a 113% uplift on FY2024 reported financials of $3.05 million - we lowered our cost to income and saw our balance sheet assets rise by 10.3%. We exceeded our home lending growth targets, with over $500 million in new home loans settled within an ultra-competitive interest rate market. We also focused on growing our savings and transaction account propositions, with growth of $47.9 million. Our full financials are available in our Annual Report – Financial Report.

> "Our commitment to the Defence community remains the foundation on which our bank is built, and we will always tailor our products to meet our members' requirements, remaining supportive throughout their careers and beyond."

Importantly, whilst we have focused on supporting our members with their goals and aspirations, we have continued to assess what we do. To ask ourselves how we can better deliver for our members in their career and life journey; a journey we know is unique to serving and ex-serving Defence force members and their families.

This dedication has resulted in us being recognised as the Canstar Customer Owned Bank of the Year for Everyday Banking in both 2024 and 2025.

Our Business

The Bank has been on a journey of transformation since the adoption of the new Strategic Plan in 2021. This plan was reviewed and relaunched in FY2025, confirming our purpose and vision, to be 'The leading choice in banking for the Defence community'.

During the year we focused on delivering improvements to our operating model, including building a better, more secure banking experience, with timely support.

Speed matters in every business. We believe you can be fast and deliver high quality service, without compromising on the personal connection that matters to our members. Our business model is supported by fostering personalised service and tailored products delivered through our members' 'channel of choice'.

We have been able to introduce new tools and systems to support member security, which is critical from a scams, cyber security and fraud prevention perspective, and also an important part of minimising risk for the Bank.

Our new home loan application experience has enhanced the lending journey for both members and staff. The streamlined and digitised process has a reduced loan turnaround time, with improved process transparency, giving members greater visibility as applications move from submission to settlement, supported by fully digital signing.

Our Internet Banking platform was also refreshed to improve usability and create a more versatile banking experience. Our website has been updated to provide the functionality to book virtual appointments, a great way of providing convenient and flexible banking options for our members.

Our People

A key pillar of our strategy has been to develop a highly engaged and capable workforce. Our leadership team role model a culture which emphasises that our members are our priority. This requires the removal of structural barriers that prevent delivering at pace, with the entire Bank willing to embrace continuous improvement, aware that at the end of every process and interaction is a member. This has resulted in our people demonstrating consistent behaviour aligned with our values, reflected through a strong positive Net Promoter Score from our members.

We also have a strong value proposition that delivers the support expected from a Mutual Bank that values its people as its most important asset. We conduct a staff Engagement Survey annually, and with over 89% of our people sharing their feedback, the survey gives us great insight into how our people feel about working with us. A key takeaway this year was the consistent trend in positive sentiment. Sustainable employee engagement was an impressive 88%, up eight percent from last year. This strong result reflects the energy, engagement, and enablement we have as a team, that then drives outstanding results for our members and the Bank.

Our Community

Our ongoing support of the Defence community has seen over $414,000 donated to our charity partners; Legacy Australia, Soldier On, Mates4Mates, and RSL LifeCare, since the inception of our award-winning Military Rewards Account. Along with these valuable financial contributions our people regularly volunteer to support various Defence community activities, with over 1,900 volunteer hours recorded for the past financial year.

The Bank also joined the Respect and Protect campaign to tackle Financial Abuse, with clear and accessible terms and conditions that outline zero tolerance for financial abuse. We help protect our members by delivering services supported by systems that detect financial abuse and facilitate a response, along with staff resources to assist those under duress or in need of additional support.

Financial abuse is unacceptable behaviour which may result in warnings, account suspension or closure, and we are committed to working within our industry to ensure our products and services are not used to facilitate it. Financial abuse, a recognised form of domestic violence, has a lasting impact on individuals, families and the broader community.

Looking Forward

We have much to look forward to in FY2026 and beyond. Change is always on the agenda, with continued realignment of the operating model and the introduction of new systems and tools for members and staff. We will continue to focus on growth, strength and sustainability, and maintain operational efficiencies that deliver tailored, simplified products and services.

Our people are the key to our success, and we thank all of our staff and the Board of Directors for continually striving for the best outcomes for our members. Our commitment to the Defence community remains the foundation on which our bank is built, and we will always tailor our services to meet our members' requirements, remaining supportive throughout their careers and beyond.

Alan Bardwell
Chairman

Darlene Mattiske-Wood
CEO

Our Results

Net Profit After Tax (in millions)	Cost to Income	Balance Sheet Assets (in millions)
$6.5	78.8%	$2,162.1
(113.0 % uplift on last year)	(88.2% in FY24)	(10.3% uplift on last year)

Net Member Loans (in millions)	Deposits (in millions)	Member's Equity (in millions)
$1,796.3	$2,003.4	$114.3
(10.7% uplift on last year)	(11.1% uplift on last year)	(6.0% uplift on last year)

Our Recognition

Excellence recognised across a range of independent award categories

Canstar Customer Owned Bank of the Year for Everyday Banking 2024 and 2025

The Canstar Customer Owned Bank of the Year for Everyday Banking Award covers our Everyday and Savings accounts, including our popular Military Rewards Account, our Online Saver, and our Low Rate Visa Credit Card.

This award is an amazing achievement for the Bank, as we have ascended from 19th place on 2023's list to number 1 for 2024. This improvement was driven by the product changes made to our Military Rewards Account, including removing the fees, whilst retaining our popular 1% Visa payWave rebate feature.

The award shines a light on Australian Military Bank as leaders in the mutual banking industry, proving that by focusing on our members' unique needs, and designing products specifically for them, we can stand out from our competitors. With 2 out of 3 Australians recognising the Canstar logo, this award was also a win for us from a Marketing perspective, as we were able to leverage the endorsement to strengthen our brand, with the Canstar medal featured across our website, campaigns and social media for the year.

Mozo Experts Choice Awards Exceptional Everyday Account

Our Military Rewards Account once again won the 'Exceptional Everyday Account' category in the Mozo Experts Choice Awards.

The Mozo Experts Choice Awards showcase products and services in the marketplace that offer exceptional value or quality to Australians. Now in their fifteenth year, the Mozo Experts Choice Awards share expert analysis to help make finding the right banking product a great deal simpler for consumers.

For the 2025 Bank Accounts awards, Mozo analysed 235 personal bank accounts issued by 79 banking providers, with each undergoing rigorous assessment before the final winners list was decided.

Every product identified for inclusion in the awards is evaluated against the exact same criteria, and placed based on consistently delivering the best value for money and service over the past year.

Canstar Outstanding Value - Transaction Accounts Award

Canstar's Outstanding Value – Transaction Account Awards recognise the institutions that provide outstanding value across their everyday bank accounts.

The Awards leverage Canstar's Transaction Account Star Ratings, which assess accounts based on price and features. This includes factoring in any transaction fees and account-keeping fees, as well as payment options and how customers can manage their account.

Mozo Experts Choice Awards SMSF Account - No Strings Savings

For this awards category Mozo experts compared a long list of SMSF banking and saving accounts so everyday Australians can invest in their future with confidence. The winners offered the best unconditional ongoing rate for SMSF savings accounts in their assessment and we were proud to come out on top out of 62 SMSF products from 39 providers.

Your journey, your bank.

Our Members

During the year we focused on delivering a better banking experience for our members by providing timely, high quality service, without compromising on the personal connection that matters to them.

The introduction of virtual appointments to sit alongside our branch network, digital sales channels and mobile banker team, has meant we are able to deliver personalised service and tailored products directly to our members through their 'channel of choice'. We are committed to providing convenient and flexible banking options for our members, and the roll out of our new branding across branches has also seen our physical environments become more welcoming, usable spaces for members as each refurbishment is completed.

Our new home loan application experience has enhanced the member lending journey, with a streamlined and digitised process reducing loan turnaround time and giving members greater visibility as applications move from submission to settlement. Additionally our Internet Banking platform refresh improved usability and created a more versatile banking experience for members, with the introduction of new tools and systems supporting member security and scam protection.

Member Testimonials

"Excellent bank to deal with, didn't have a single problem and very understanding of a person's situation! Great rates and an easy to use website was also a bonus. Highly recommend and will definitely be back to lend off Australian Military Bank again."

"Very professional. Easy to talk to. It was good to talk to actual lovely people!"

"I've had the pleasure of dealing with the team at Australian Military Bank for many years... It's rare to find such a dedicated team who combine expertise with genuine care, and I am truly grateful for the support and guidance they've provided over the years."

"Great customer service and attractive rates – As a new customer I am very happy with Australian Military Bank."

Our People

Our people are the key to our success

Throughout the year, our People & Culture team has played a vital role in enabling the Bank's strategic direction by supporting the evolution of our operating model and ensuring our people remain engaged, capable, and aligned with our mission.

In line with the Bank's refreshed Employee Value Proposition (EVP), our recognition program was revitalised to celebrate staff contributions that make a real difference. The Star Award was introduced to recognise outstanding performance and behaviours aligned with our values, while the Service Award continues to acknowledge key service milestones across the organisation.

Learning and development remained a key focus in building capability and supporting employee wellbeing. In April, a dedicated Wellbeing Focus Month included tailored "Short & Sharp" sessions, the launch of new online mental health and wellbeing training modules, enhanced visibility of the Employee Assistance Program (EAP), and a Workplace Wellbeing pulse survey.

The growth of current and future leaders was also invested in, through programs such as HERO and LEAP, which are designed to develop leadership capability, foster personal growth, and support our leaders in driving team engagement and high performance.

Engagement

The Australian Military Bank Engagement Survey is conducted annually in May. This is the fifth year that we have conducted the survey and with over 89% of our people sharing their feedback, the survey gives us great insight into how our team feel about working at Australian Military Bank. A key takeaway for this year was a consistent trend in positive sentiment with sustainable employee engagement at 88%, up eight percent from last year.

We truly value staff opinion and appreciate the insight they gave us into how they are feeling in a range of areas. It's important that our people feel able to share what is going well and how we can become a better workplace.

Our values

- Member First
- Display moral courage
- Earn admiration and trust
- Demonstrate the highest standards

"I enjoy delivering personalised service to our members through products specifically tailored to the needs of the Defence community."

Jennifer Cole, *Personal Banker*

"Leading such a talented and collaborative team, who are passionate about delivering quality outcomes, makes my role truly rewarding."

Srujana Vuppala, *IT Application Development Manager*

"As a Defence spouse, working at Australian Military Bank feels especially meaningful. It's rewarding to be part of a team that truly understands and values the Defence community."

Brendon Silke, *Personal Banker*

"I've worked at Australian Military Bank for over 38 years and it has been an honour to serve the Defence community throughout that time."

Lyn Bissett, *Community Support Officer*

A legacy beyond banking

Environmental, Social and Governance

Alignment of Environmental, Social and Governance (ESG) categories is based on an in-depth understanding of what is important to our members, regulators and key stakeholders. Our 'Materiality Assessment' involved thorough member and stakeholder research to ensure that our efforts align with what is relevant.

The Board and management have developed strategic areas of focus in all streams of ESG based on this research, and we continue to make ESG a priority focus through the continued development of new initiatives and the publication of the Banks' Governance and Sustainability Statements.

As expected of a Bank entrusted with members' money, security and protection is critical to our members. Our best practice framework of policies, standards and procedures can be found under the Governance section of this report.

Our Impact – Environmental

Recycled Card Design

Our new Australian Military Bank Visa Cards are made up of 82% recycled plastic, with each card delivered to members in a recyclable envelope, helping minimise our impact on the environment. Our new card design also offers more accessibility for anyone who is vision impaired, with a tactile indent located on the bottom of the card along with braille dots, to help members distinguish between different cards and assist with their daily transactions.

The cards offer a simplified design aligned to our new tri-force inspired brand colour palette, and no longer feature a specific reference to Australian Military Bank, instead using our Badge logo and phone number to make the cards more suitable for member use during deployment.

Green Loans

Our Green Loans offer members the opportunity to finance the purchase of approved environmentally friendly products. Members can choose to fund the purchase and installation of approved clean energy products such as solar panels, energy efficient cooling and heating, water capture and recycling or 5-star rated or higher household appliances. Our Green Loans offer members a lower interest rate than traditional personal loans or credit cards, and with terms of up to 7 years, offer affordable repayments to help them access the benefits of clean energy technology.

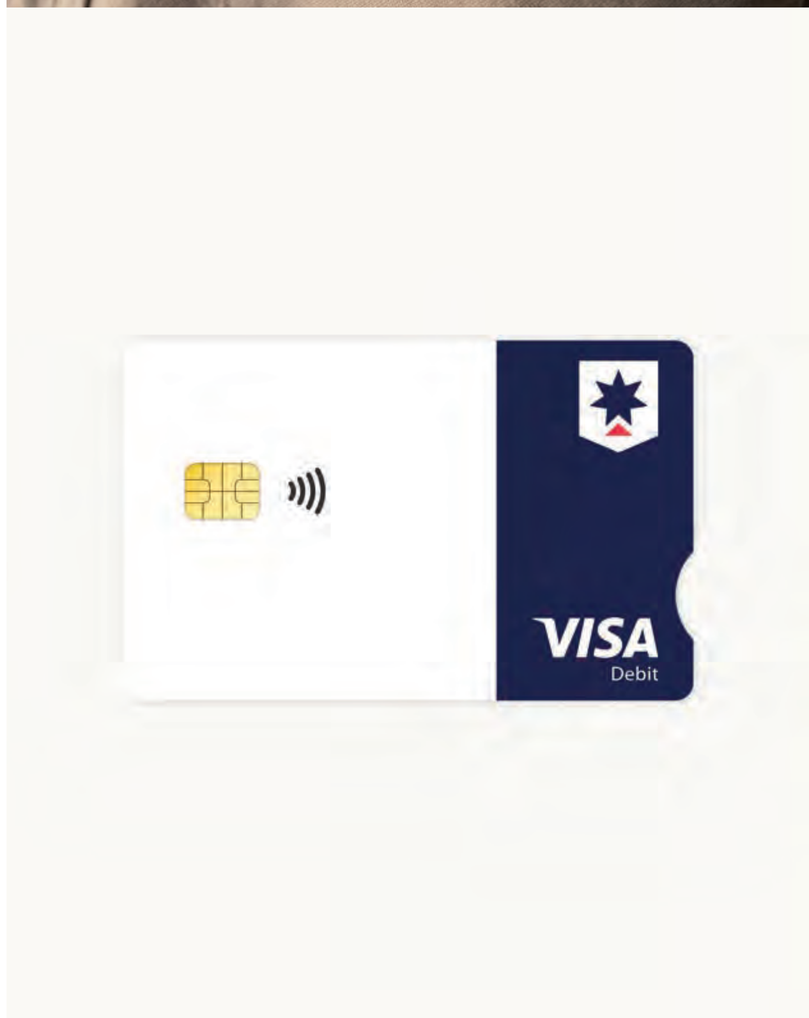
Hybrid cars

As part of our commitment to a more sustainable future, we continue to changeover to a fleet of hybrid vehicles. Hybrid vehicles produce fewer greenhouse gas emissions than traditional petrol-powered vehicles; contributing less to air pollution, lightening our carbon footprint and helping mitigate climate change. Hybrid vehicles also offer greater fuel economy, meaning our Mobile Bankers can lower their consumption of non-renewable energy sources whilst connecting with our members.

E-statements

With over 90% of our members now receiving their statements via Internet and Mobile banking, this simple opt-in helps the environment by reducing the need for paper and ink, and cutting down on postal vehicle trips, petrol and the associated pollution. Members save on the paper statement fee, and for those members who are deployed or travelling overseas, e-statements are a secure, easily accessible alternative.

Australian Military Bank



Our Impact - Social

A legacy beyond banking

Our Military Rewards Account is designed to provide our members with a practical everyday account that also rewards the Defence community. Our Military Rewards cents gifting initiative ensures long-term support for our four Defence charity partners, who provide valuable assistance to our current and former service men and women.

Together we have raised over $414,000 for our Defence charity partners*

Legacy	Soldier On	Mates4Mates	RSL LifeCare
$169,211	$92,316	$88,819	$63,868

Since the inception of our Military Rewards cents gifting initiative.

Legacy

Community Partnerships Manager Ann Roach, and Head of Product Dina Mok, at the Sydney Legacy Remembrance Day Lunch held on 15 November 2024 at NSW Parliament House. The event served to highlight the need to offer ongoing financial, social, and emotional support to veterans who have made such significant sacrifices for our country.

Soldier On

Public Affairs & Communications Manager Laura Thomson with Soldier On's Head of Philanthropy & Partnerships Daniella Bouari, at Sydney's Admiralty House during the Soldier On March On campaign in March 2025. The Australian Military Bank team raised $5,402 and collectively covered 2,232kms during the initiative to support Soldier On's veteran mental health services.

Mates4Mates

The funds Australian Military Bank have raised for Mates4Mates during the year help facilitate the running of the Mates4Mates Veterans Wellbeing Centre in North Brisbane. The centre offers a range of consultation rooms for veterans to see psychologists, social workers, counsellors and exercise physiologists, and also features a rehab gym, space for social connection activities, and a veteran's lounge.

RSL LifeCare

Product Analyst, Sabit Iftekhar, on Remembrance Day 2024 volunteering for RSL NSW's annual Remembrance Day Poppy Appeal. The poppies sold not only acknowledge the sacrifices and bravery of our veterans but also help raise funds to support RSL LifeCare's Veteran and Family Hubs and Veteran Employment Information Sessions.

Charity Spotlight

Life Unleashed

We are incredibly proud to support Life Unleashed by Integra Service Dogs Australia, a Veteran founded non-profit created to support veterans and first responders facing PTSD and related mental health challenges from their service. Life Unleashed's expertly trained Service Dogs provide veterans and first responders with unparalleled care, offering them a new lease on life through the transformative power of the human-canine bond.

Chief Member Experience Distribution Officer Andrew Moebus with Life Unleashed's Richard Lord, at Government House Canberra.

Mobile Banker Jessica Merlin with Regional Member Experience Manager Lisa Duffy and Life Unleashed Service Dog Quentin, at our Enoggera Branch.

"Australia owes a debt of gratitude to our veterans and first responders and, by extension, their families. That is why the effort of Integra – its people, supporters and of course the dogs – is so critical."

General the Honorable David Hurley AC DSC (Retd),
Ambassador for LifeUnleashed by Integra Service Dogs Australia

Our Community

As well as supporting our key charity partners, we assist many other Defence community initiatives throughout the year.

Community highlights

April 2025

Our North Queensland based Branch and Broker Teams participated in Run Army Townsville, held at the historic Jezzine Barracks and the Strand. Created as a meaningful challenge to honour and support those who dedicate their lives to keeping us safe, Run Army 2025 raised over $200,000 for Defence and Emergency service personnel.

March 2025

For the last twenty years Australian Military Bank has been the proud sponsor of the Australian Defence Force Australian Rules (ADFAR) National Carnival. Created in 1986 to encourage and promote the sport of Aussie Rules amongst ADF members, the carnival has grown to become one of the foremost ADF sporting competitions of the year.

August 2024

After three days of competing, it was the Army team who took away the win whilst sporting their Australian Military Bank sponsored jerseys at the 2024 North Queensland Inter-Service Golf Competition held at Townsville Golf Club. Pictured here is the Army team's Warrant Officer Jason Parish alongside our Mobile Banker Michaela Street, during the Jersey Presentation.

September 2024

We are proud supporters of Wounded Heroes, who provide comprehensive support to veterans, ADF members and their families. We feature annually in the Wounded Heroes fund-raising diary and also have their collection boxes in every Australian Military Bank Branch. Pictured here is Jennifer O'Sullivan from our Robertson Barracks Branch, with CEO of Wounded Heroes Kim Shaw, at RAAF Base Darwin.

RSL Money

In 2014, Australian Military Bank entered into a joint partnership with the Returned & Services League of Australia (RSL) to create RSL Money, Australia's only range of banking products that help support the sustained growth of the RSL movement.

RSL Money is open to all RSL Sub-Branch members and their partners, and offers a range of low cost, high value banking products that have been developed from Australian Military Bank products and are designed to offer excellent value to our members.

RSL Money makes regular donations to RSL Australia via selected products to support RSL Australia's welfare and wellbeing services for current and former ADF members and their families, making a real difference to the RSL and Defence community.

RSL Money team members Brendon Silke, Amber Smith and Tonia Veal at the 2025 RSL WA Congress

RSL Money Products

RSL Money Sub-Branch Account
Specifically designed for RSL Sub-Branches, this flexible and easy to manage transaction account provides convenient access to funds with shared access, offering Sub-Branches a range of flexible banking options with no monthly account keeping fees, unlimited additional Visa cards at no cost, and 2.10% p.a. interest*.

RSL Money Everyday Account
Designed to be a no-fuss everyday account, the RSL Money Everyday Account helps RSL members stay on track with their savings and spending goals. With an RSL Branded Visa Debit card, no monthly or transaction fees within Australia and 0.50% p.a. interest*, RSL Money also contribute 0.20% of account balances to RSL Australia each month.#

RSL Money Low Rate Credit Card^
With half the annual fee donated to RSL Australia each month#, the RSL Money Low Rate Visa Card allows members to make card purchases at a low annual interest rate, up to 45 days interest free on purchases, an RSL Branded Visa Credit card and unlimited additional cardholders at no cost.

RSL Money Term Deposit
RSL Money Term Deposits offer competitive interest rates and a predictable return. With a variety of terms between 3 – 24 months, choice of interest paid monthly or at maturity, and flexible reinvestment options, deposits are also guaranteed by the Australian Government up to $250,000.

RSL Money Home Loan Offer^
As a special home loan offer for RSL Money members , members who take out an Australian Military Bank home loan will enjoy 0.20% p.a. off the variable and fixed home loan interest rates available on the Australian Military Bank website, a $500 donation to their RSL Sub Branch, plus 0.10% p.a. bonus interest on RSL Money term deposits.#

**Rates are current as of 20 August 2025 and are subject to change*

#This promotion may be withdrawn at any time.

^Lending criteria, terms, conditions, fees and charges apply.

Our Impact – Governance

We are committed to providing our members with a safe and secure banking experience. We have an effective and dynamic Governance program to protect information entrusted to us by our members, employees and other stakeholders. The Board and management continue to make this a priority through the development of new initiatives and the publication of the Bank's Governance Statement.

Cyber Strategy and capability

The Bank's robust Cyber Strategy is a cornerstone of our operations in an era when cyber threats and data breaches are increasingly pervasive, complex and devastating. It is a clear commitment to security for our members, employees, and stakeholders, with a comprehensive roadmap to ensure practical implementation of effective capability. Our Cyber Strategy is forward-looking and adaptive to megatrends and emerging challenges, such as artificial intelligence and quantum computing.

We place people at the heart of our Strategy and deliver continuous education and awareness. Our training programmes incorporate eLearning to build knowledge and keep employees abreast of latest cyber developments. Targeted, concise and engaging sessions equip every employee with the knowledge and skills to act as a first line of defence. Our public website Security Hub educates our members on information security, and we run themed campaigns each October to coincide with the Australian Cyber Security Centre (ACSC) Cyber Security Awareness Month.

Privacy and Data Loss Prevention

Based on stakeholder consultation, our environmental, social and governance (ESG) plan identifies data privacy and security as the highest risk priority. We recognise that unauthorised access to data could result in:

- Financial loss, credit score impacts, and a significant emotional toll on our members and staff.
- Remediation costs, penalties and increased regulatory supervision for the Bank.

We demonstrate our strong commitment to data privacy and protection with strategic and practical actions. Our Data Loss Prevention (DLP) security solution identifies and prevents unsafe or inappropriate sharing, transfer, or use of sensitive data. We mask and encrypt data at rest and in transit and proactively identify and purge obsolete data. These measures will minimise the risk of exposure in the event of a data breach.

We see improving security and user engagement as complementary objectives, balancing convenience with strong protective measures. We aim to enhance member and employee experience with tools like biometric authentication, single sign-on (SSO), and multi-factor authentication (MFA). These technologies combine robust security with streamlined access and interactions in our applications and systems.

Regulatory risk is increasing as a direct result of catastrophic data security breaches across Australian financial and other sectors in recent years. We anticipate much stricter requirements under an amended Privacy Act and other regulations, and are uplifting our compliance framework and resources to ensure we can efficiently and effectively meet obligations.

Cybersecurity and incident management

We regularly monitor intelligence on cyber threats and attacks and leverage the experience of other organisations for insights into our strengths and areas for improvement. We combine proactive intelligence with a Zero Trust security model and have enhanced ability to detect and respond to threats in real-time through our outsourced 24x7 Security Operations Centre (SOC). We have uplifted infrastructure and security across our cloud environment, head office, and branches.

Our best practice information security incident management plans are regularly and comprehensively refined and tested, bolstering our capacity to mitigate and recover swiftly from cyberattacks and data breaches. The Board, Executive and line management regularly participate in incident training and testing as part of our ongoing efforts to enhance our governance and organisational preparedness, and ensure timely decision-making to protect our members' interests. We conduct technical testing with our SOC provider and critical service providers. Our security programme, planning and testing are also influenced by best practice advice from our cyber insurance provider to ensure we maximise protection under our terms of insurance.

Our Risk Framework

The Bank maintains a sound risk management framework and strategy, approved by the Board and independently reviewed annually. Governance is a fundamental component in our Risk Management Framework and we have clearly defined governance structures, accountabilities and reporting lines included in the framework. We regularly review our risks, controls and treatment plans, and report on existing and emerging risks to ensure they are mitigated in line with our risk appetite. Our understanding, decision-making and investment in risk management are guided by well-defined and regularly reported key risk indicators and risk assessments. Our team continues to strengthen the Bank's operational resilience and has met APRA's requirements on Prudential Standard CPS 230 Operational Risk to improve resilience and manage disruptions.

We regularly implement staff training on managing and reporting risks including:

- Incident and breach reporting
- AML/CTF
- Fraud and scams
- Privacy and data governance
- Disruptions and business continuity

We have built a strong risk and compliance culture, by implementing systems and controls that contribute to mitigating risks and meeting our compliance obligations and requirements. We adopt the three lines of defence approach to risk management, with complementary roles for management and staff, Enterprise Risk and Internal Audit. All employees are responsible for identifying and managing risks and operating within the Bank's desired risk profile. We regularly review, update and continuously improve the Bank's Risk Management Framework to ensure mitigation of material risk in well understood categories of Strategy, Credit, Capital, Liquidity, Market and Operational. The Bank subscribes to the Customer Owned Banking Code of Practice (COBCOP), the Principles of Reciprocity & Data Exchange (PRDE), and the ePayments Code.

How we protect our members from fraud, scams and financial crime

The Bank has invested significantly to uplift technology and operational capabilities to detect and mitigate against criminal activity. We provide training for all staff to support scam victims, and educate and empower our members to protect themselves from ever-evolving scams.

Know your customer (KYC)

The Bank electronically verifies identity documents of new and existing members to ensure compliance with Anti-Money Laundering (AML) / Counter Terrorism Financing (CTF) regulations. We perform enhanced customer due diligence on high-risk members to better understand their risk profile and to consider offboarding unsuitable relationships to protect the broader community of Bank members. Our transaction monitoring system (TMS) continuously monitors all transactions, sanctions and Politically Exposed Persons (PEP) to prevent our products being used by bad actors or organised crime. We submit suspicious matter reports (SMRs) to AUSTRAC where our systems and processes flag activity. Our in-house capability identifies high-risk payments and introduces friction. The full rollout of biometrics verification will enhance protection and make it easier for new members to join and complete ID verification using a selfie and photo ID card. This feature is already used in all home loan applications and will soon apply to other products.

Financial sector collaboration

We exchange intelligence with other financial institutions in Australia to identify and close accounts used by bad actors/criminal syndicates who may attempt to defraud or scam members. The goal of collaboration is to create a safer operating environment for all institutions and their customers. The Bank is committed to the Scam Safe Accord, a joint initiative by Australian banks, mutual banks, building societies and credit unions, aimed at combatting scams and protecting customers from

financial fraud. Initiatives include intelligence sharing, limiting payments to high-risk channels, and expanding Confirmation of Payee services. We participate in the Australian Financial Crimes Exchange (AFCX), a major public sector and financial sector forum for intelligence sharing to thwart financial crime.

How we ensure resilient services for our members

Operational risk management

Our approach to operational risk management follows the logic that:

- Our operations deliver the products and services our members need and expect.
- Our operations must be efficient and resilient.
- We must identify and control risks to our operations, especially critical operations.

The benefits of effective operational risk management are:

- Protect Members and their assets.
- Minimise threats, disruptions and failures.
- Optimise products, services and experience.
- More efficient and resilient organisation.
- Better workplace and experience for staff.
- Leverage our controls for business improvements.

Our critical operations model prioritises and protects the interests of our members, based on potential for material adverse impacts.

Business continuity and resilience

The Bank has invested significant resources in developing its business continuity capability to ensure the resilience of its critical operations. Our model identifies plausible severe scenarios of disruption (e.g., pandemic, cyber-attack), addressed with tailored and flexible response plans and defined activities. Our plans prioritise the safety of people, and we provide an EAP service to promote wellbeing and resilience. The Board has approved a three-year comprehensive business continuity test programme, covering all defined scenarios across all tiers and divisions of the Bank's organisation, with tests conducted and reported to the Board on a quarterly basis. Our programme integrates testing of the Business Continuity Plan (BCP), information security incident management plan and other contingency plans.

Our CEO and Chair

Darlene Mattiske-Wood
Chief Executive Officer

Qualifications

Darlene's qualifications include the Advanced Management Program, Harvard University; Diploma in Management; Bachelor of Management and a Graduate Diploma in Human Resource Management. Darlene is also certified in Human Centred Design, is a member of Chief Executive Women, and a member of the Australian Insitute of Company Directors.

Experience and Expertise

Darlene has over 25 years' experience in operational, strategic and executive leadership within the Mutual Banking sector, with over half of this time at the CEO and Deputy CEO level. Darlene has previously held several Board positions and is currently a Director on the Board of the Customer Owned Banking Association (COBA) and a member of the Finacle Client Advisory Board (FCAB).

Awards and Recognition

Darlene is the recipient of a Telstra Business Women's Award, and a finalist in the National Retail Banking Awards for Executive of the Year. Darlene is also a recipient of two Australian Human Resource Institute (AHRI) awards for People Leadership and Strategy.

Alan Bardwell
Chairman

Director from 1 April 2019, Chair from 1 July 2023

Qualifications

Alan is a Member of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Services Institute of Australasia ('FINSIA'), and a Graduate Member of the Australian Institute of Company Directors. Alan holds a Bachelor of Arts (Honours) Economics (Accounting).

Experience and Expertise

Alan has over 40 years of experience in the banking, finance and securities industry, including 16 years at Citigroup and 10 years with the Australian Securities Exchange where he served as Chief Financial Officer and Chief Risk Officer. Since 2017, Alan has pursued a non-executive director career. Alan is a non-executive director of the Financial Services Institute of Australasia (FINSIA). Alan formerly served as Chair of RT Health Limited, as Chair of Ku-ring-gai Financial Services Limited and as a non-executive director of Transport Health Limited and ClearView Life Nominees Pty Limited. He was also formerly Chair of the Market Supervision and Compliance Committee at the Sydney Stock Exchange. He has extensive knowledge of retail, corporate and investment banking, wealth and funds management and the securities industry.

Special Responsibilities

Chair of the Board and member of the Risk Committee.

Our Directors

Sean Fitzgerald
Deputy Chair

Director from 25 May 2018,
Deputy Chair from 1 July 2023

Qualifications

Sean holds a Certificate IV in Finance and Mortgage Broking, a Diploma in Finance and Mortgage Broking and a Diploma in Financial Services. Sean is a member of the Australian Institute of Company Directors and the Mortgage Finance Association of Australia.

Experience and Expertise

Sean has held a variety of roles over his 20-year banking career across three major banks and two member owned banks. Most recently, Sean was the General Manager of Retail Banking and Distribution for P&N Bank, Western Australia's largest member owned bank. Sean's responsibilities included the retail branches, contact centre, broker channel, commercial finance portfolio, mobile bankers, collections and financial planning. Prior to P&N Bank, Sean was the State General Manager for Retail Banking for Western Australia, South Australia and the Northern Territory for the National Australia Bank.

Special Responsibilities

Deputy Chair of the Board, Chair of the Risk Committee and a member of the Audit Committee.

Michael Crane
DSC & BAR AM
Director

Director from 1 July 2018

Qualifications

Michael is a Graduate Member of the Australian Institute of Company Directors and a graduate of the Mt Eliza General Management Program, the Harvard Club of Australia Leadership Program and the Financial Services Institute of Australasia Professional Banking Fundamentals Course. He is also a graduate of the United Kingdom Higher Command and Staff Course, the Centre for Defence and Strategic Studies, the Joint Services Staff College and the Army Command and Staff College. Michael holds degrees in Strategic Studies, Defence Studies and Science.

Experience and Expertise

Michael served in the Australian Army for more than 37 years, including operational service in East Timor and two tours commanding all Australian forces in the Middle East. He serves on the Committee of the Field Marshal Sir Thomas Blamey Memorial Fund.

Special Responsibilities

Chair of the Environmental, Social, Governance & Remuneration Committee.

Member of Audit Committee (until 1 July 2024).

Jodie Hampshire
Director

Director from 7 February 2024
Previously served 1 July 2015 to 31 December 2019

Qualifications

Jodie holds a Bachelor of Commerce, is a CFA Charterholder and a graduate of the Australian Institute of Company Directors.

Experience and Expertise

Jodie is an experienced financial services executive with over 20 years of experience. From 2013 to 2023, she held a series of executive positions, including Asia Pacific CEO, with global asset manager, Russell Investments.

Prior to her time at Russell Investments, Jodie worked at Mercer in several senior roles. She began her financial services career with a graduate cadetship at Commonwealth Bank of Australia. Jodie is a non-executive director of listed financial services organisation, Insignia Financial Limited, Chair of MLC Services Limited and an Investment Advisory Committee Member of the Sydney Community Foundation.

Special Responsibilities

Member of the Audit Committee and the Environmental, Social Governance and Remuneration Committee.

Timothy Pike
Director

Director from 1 August 2022

Qualifications

Tim holds Masters degrees in Business, Military and Defence Studies and Cyber Security Operations and is a Member of the Australian Institute of Company Directors.

Experience and Expertise

Tim has served in the Australian Army for 26 years and is currently the Deputy Commander of Defence Strategic Communications Branch that is responsible for the operation and cyber security of Defence's strategic and deployed networks. Prior to this, he attended the Australian War College's Defence and Strategic Studies Course and commanded the 7th Signal Regiment (Electronic Warfare). Tim has served in a variety of locations around Australia and Overseas working with soldiers, sailors and aviators with responsibility for information communications technology and cyber security operations.

Special Responsibilities

Member of the Environmental, Social, Governance & Remuneration Committee.

Francesca Rush
Director

Director from 22 March 2022

Qualifications

Francesca holds a degree in Law (Honours).

Experience and Expertise

Francesca has over 30 years' experience as a lawyer in private legal practice and in government. She was a Partner of Clayton Utz in the years 2003 to 2008 and from 2011 to 2019, which included serving as National Practice Group Leader for the Banking and Financial Services practice. Francesca is currently Chief Counsel – Department of Defence. As Chief Counsel, Francesca has responsibility for leading the Department of Defence's legal team and providing strategic legal advice on complex legal matters, including complex contracting and procurement matters, to Defence leadership and to Government.

Special Responsibilities

Member of the Risk Committee.

Rebecca Tolhurst
Director

Director from 1 July 2020

Qualifications

Rebecca holds degrees in Law (Honours) and Commerce and is a Graduate Member of the Australian Institute of Company Directors.

Experience and Expertise

Rebecca commenced her career in private legal practice in property and general commercial law before taking up her current position as General Counsel with the Bickford's Group, including responsibility for People and Culture. Her experience has extended broadly into the consumer goods, retail and property sectors in a transactional and strategic capacity. Rebecca also holds the position of Deputy Chair of the Barossa Co-op, a retail co-operative founded in 1944 operating in her home region of the Barossa Valley.

Special Responsibilities

Chair of the Audit Committee.

Our Executive Team

Nick Parkin
General Counsel & Company Secretary

Nick has 20 years' experience working as a lawyer, company secretary and governance professional in Australia, the United Kingdom and New Zealand. He has worked in private practice as a lawyer in the areas of corporate law, capital markets and financial services and as a lawyer and/or company secretary in Australian corporates including Worley Limited, Helloworld Limited, Australian Ethical Investment Limited, Insurance Australia Group Limited and Westpac.

Joa de Wet
Chief Finance Officer

Joa joined Australian Military Bank in July 2013. As Chief Finance Officer, she leads the finance, treasury, and data analytics functions. She is responsible for funding and capital management and plays a critical role in aligning the Bank's financial management with its business strategy.

Joa is a qualified Chartered Accountant with over 30 years local and international experience in the financial services sector, including senior roles with Commonwealth Bank, IOOF, Deloitte and PricewaterhouseCoopers.

Jacquie Williamson
Chief People and Operations Officer

Jacquie joined Australian Military Bank in May 2025, bringing with her 20 years of experience across People, Culture, Leadership & Talent Management across national and global businesses through Australia and the UK. She is an ICF trained Leadership Coach and has over 10 years experience working within regulated environments, spanning both established and start-up financial institutions. Jacquie is responsible for the People & Culture and Member Operations functions of the Bank.

Jasmine Shillington
Chief Product and Marketing Officer

Jasmine joined Australian Military Bank in June 2023 and is responsible for our Product, Brand and Marketing functions. Her career spans 20+ years with organisations such as Qantas, Allianz, NBN Co, BPAY, Commonwealth Bank and Suncorp. Jasmine has a proven track record of using a customer-centric approach to design to deliver products and customer experiences that meet strategic business objectives. Jasmine holds an MBA from Australian Graduate School of Management.

Andrew Moebus
Chief Member Experience Distribution Officer

Andrew joined Australian Military Bank in December 2008 with 20 years' Retail Banking experience and is responsible for our Branch Network, Digital Sales, Member Engagement Centre, Broker Channel, Lending Fulfilment, RSA products and RSL and Community relationships. Andrew's qualifications are a Diploma of Finance and Mortgage Broking, a Cert IV in Credit Management, a Cert IV in Banking Services and an accredited certificate in Tier 1 ASIC PS146 for Superannuation.

Enis Huseyin
Chief Information Officer

Enis is an experienced executive with over 20 years of expertise in technology and banking operations within the financial services sector. Enis has held numerous senior management roles at Bankstown City Credit Union, My Credit Union, and Qudos Bank, where he led strategic initiatives across IT and digital transformation. Enis holds a Bachelor of Computing and a Diploma in Information Technology (Software Development). As Chief Information Officer at Australian Military Bank, Enis is responsible for all key areas of information technology, including cyber security, digital services, project management, and technology transformation. Enis plays a critical role in aligning technology with business strategy, driving innovation, and enhancing member experience through secure and scalable solutions.

Jenny Lee
Acting Chief Risk Officer

Jenny Lee joined Australian Military Bank in August 2022 and is responsible for overseeing Enterprise Risk. She brings over 30 years experience in the banking and financial services industry, having worked both in Australia and London. In Australia, Jenny has held roles at ANZ, AMP Investment, PricewaterhouseCoopers, Bank of Queensland and Volt Bank, while in London she has worked at JP Morgan and Sumitomo Mitsui Trust Bank. Her professional experience includes both audit and enterprise risk management. Jenny has gained several professional qualifications, including Chartered Practising Accountant (CPA Australia), Certified Internal Auditor (IIA UK), Qualified Information Computing Auditor (IIA UK), Certified Information Systems Auditor (CISA – ISACA), and Bachelor of Commerce (Macquarie University).

Directors

- Alan Bardwell
- Sean Fitzgerald
- Michael Crane DSC & Bar AM
- Jodie Hampshire
- Timothy Pike
- Francesca Rush
- Rebecca Tolhurst

Chief Executive Officer

- Darlene Mattiske-Wood

General Counsel & Company Secretary

- Nicholas Parkin

Website

www.australianmilitarybank.com.au

Registered Office

Level 1,
1 Bligh Street,
Sydney NSW 2000

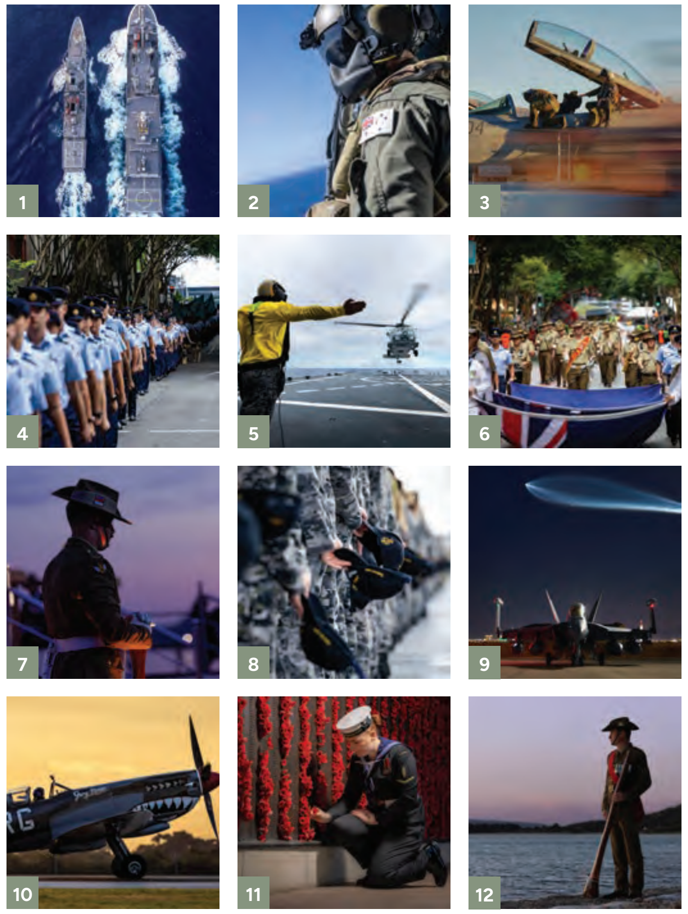
Auditor

KPMG
Level 38, Tower Three,
International Towers Sydney,
300 Barangaroo Avenue,
Sydney NSW 2000

Acknowledgment of Country

We respectfully acknowledge the Traditional Owners of the Lands across Australia and pay our respects to their Elders past and present. Our registered office is located on the Lands of the Gadigal Peoples.

Defence Image Index Source: Department of Defence



1. HMAS Hobart and French Navy (Marine Nationale) AOR Jacques Chevallier, during a replenishment at sea manoeuvre at Exercise LA PEROUSE 25. The Royal Australian Navy participated in French-led Exercise LA PEROUSE, during a Indo-Pacific Regional Presence Deployment throughout South and Southeast Asia.
Photographer: LSIS Iggy Roberts
2. Leading Seaman Aircrewman Bradly Kingston on board MH-60R Seahawk Helicopter 'Mayhem' while conducting flight operations in the Western Australian Exercise Area.
Photographer: POIS Christopher Szumlanski
3. Royal Australian Air Force EA-18G Growler aircrew disembark from their aircraft following a flight during Exercise Red Flag Nellis 25-1.
Photographer: ACW Laura Flower
4. Royal Australian Air Force personnel march down Adelaide Street in Brisbane's CBD during the Anzac Day 2025 commemorations.
Photographer: LACW Nell Bradbury
5. Leading Seaman Aviation Technician Aircraft Joseff Williams marshals HMAS Sydney's embarked MH-60R helicopter "Phoenix" during flying operations as the ship is deployed on a regional presence deployment.
Photographer: LSIS Daniel Goodman
6. Australian Army soldiers from 7th Brigade march down Adelaide Street during the Anzac Day 2025 parade in Brisbane, Queensland.
Photographer: LCPL Luke Donegan
7. Australian Army Private Luke Morrison rests on arms during the 110th Dawn Service held at Anzac Cove on the Gallipoli Peninsula, Türkiye.
Photographer: LSIS Susan Mossop
8. At Fleet Base East in Sydney, the ship's company of HMAS Canberra gather on the flight deck to cheer ship as the outgoing Commanding Officer, Captain Brendan O'Hara, RAN, leaves for the last time.
Photographer: LSIS Matthew Lyall
9. A Royal Australian Air Force No. 6 Squadron EA-18G Growler Aircraft on the Nellis Air Force Base flightline during Exercise Bamboo Eagle 25-1.
Photographer: ACW Laura Flower
10. A No. 100 Squadron Supermarine Spitfire MK VIII taxis at the Australian International Airshow 2025.
Photographer: LAC Campbell Latch
11. Royal Australian Navy sailor, Able Seaman Rachel Brandt of Australia's Federation Guard places a poppy to mark her respects at the Australian War Memorial during the lead-up to Anzac Day 2025.
Photographer: SGT Sagi Biderman
12. Anzac Day didgeridoo player, Australian Army Warrant Officer Class Two Lachlan Youll at Anzac Cove on the Gallipoli Peninsula, Türkiye.
Photographer: LSIS Susan Mossop

Australian Military Bank Ltd ABN 48 087 649 741 AFSL
and Australian Credit Licence Number 237 988

Australian Military Bank

2025
Annual Report
Financial Report

Australian Military Bank

Australian Military Bank

The leading choice in banking for the Defence community

Contents

Directors' report

The directors present their report, together with the financial statements of Australian Military Bank Ltd (the 'Company' or 'Parent') and the consolidated entity (referred to hereafter as the 'Bank' or 'consolidated entity') consisting of the Company and the Entity it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were directors of the Bank during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Alan Bardwell – Chair
- Sean Fitzgerald – Deputy Chair
- Michael Crane DSC & BAR AM
- Jodie Hampshire
- Timothy Pike
- Francesca Rush
- Rebecca Tolhurst

Principal activities

The principal activities of the Bank during the year were the provision of retail financial services in the form of taking deposits and giving financial accommodation as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the Bank after providing for income tax amounted to $6,500,000 (30 June 2024: $3,051,000) attributed to improved cost efficiencies.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Bank during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Bank's operations, the results of those operations, or the Bank's state of affairs in future financial years.

Likely developments and expected results of operations

No matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect:

- the operations of the Bank;
- the results of those operations; or
- the state of affairs of the Bank in the financial years subsequent to this financial year.

Environmental regulation

The Bank is not subject to any significant environmental regulation under Commonwealth or State law.

Directors' report

Information on directors

Name:
Alan Bardwell

Title:
Chair (Director from 1 April 2019, Chair from 1 July 2023)

Qualifications:
Alan is a Member of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Services Institute of Australasia ('FINSIA'), and a Graduate Member of the Australian Institute of Company Directors. Alan holds a Bachelor of Arts (Honours) Economics (Accounting).

Experience and expertise:
Alan has over 40 years of experience in the banking, finance and securities industry, including 16 years at Citigroup and 10 years with the Australian Securities Exchange where he served as Chief Financial Officer and Chief Risk Officer. Since 2017, Alan has pursued a non-executive director career. Alan is a non-executive director of the Financial Services Institute of Australasia (FINSIA). Alan formerly served as Chair of RT Health Limited, as Chair of Ku-ring-gai Financial Services Limited and as a non-executive director of Transport Health Limited and ClearView Life Nominees Pty Limited. He was also formerly Chair of the Market Supervision and Compliance Committee at the Sydney Stock Exchange. He has extensive knowledge of retail, corporate and investment banking, wealth and funds management and the securities industry.

Special responsibilities:
Chair of the Board and member of the Risk Committee.

Name:
Sean Fitzgerald

Title:
Deputy Chair (Director from 25 May 2018, Deputy Chair from 1 July 2023)

Qualifications:
Sean holds a Certificate IV in Finance and Mortgage Broking, a Diploma in Finance and Mortgage Broking and a Diploma in Financial Services. Sean is a member of the Australian Institute of Company Directors and the Mortgage Finance Association of Australia.

Experience and expertise:
Sean has held a variety of roles over his 20-year banking career across three major banks and two member owned banks. Most recently, Sean was the General Manager of Retail Banking and Distribution for P&N Bank, Western Australia's largest member owned bank. Sean's responsibilities included the retail branches, contact centre, broker channel, commercial finance portfolio, mobile bankers, collections and financial planning. Prior to P&N Bank, Sean was the State General Manager for Retail Banking for Western Australia, South Australia and the Northern Territory for the National Australia Bank.

Special responsibilities:
Deputy Chair of the Board, Chair of the Risk Committee and a member of the Audit Committee.

Directors' report

Information on directors

Name:
Michael Crane DSC & BAR AM

Title:
Director (from 1 July 2018)

Qualifications:
Michael is a Graduate Member of the Australian Institute of Company Directors and a graduate of the Mt Eliza General Management Program, the Harvard Club of Australia Leadership Program and the Financial Services Institute of Australasia Professional Banking Fundamentals Course. He is also a graduate of the United Kingdom Higher Command and Staff Course, the Centre for Defence and Strategic Studies, the Joint Services Staff College and the Army Command and Staff College. Michael holds degrees in Strategic Studies, Defence Studies and Science.

Experience and expertise:
Michael served in the Australian Army for more than 37 years including operational service in East Timor and two tours commanding all Australian forces in the Middle East. He is a Director of The Order of Australia Association Limited and serves as Regimental Committee Representative on the Royal Australian Artillery National Memorial Extension Project and on the Committee of the Field Marshal Sir Thomas Blamey Memorial Fund.

Special responsibilities:
Chair of the Environmental, Social, Governance & Remuneration Committee.

Name:
Jodie Hampshire

Title:
Director (from 7 February 2024)
Previously served 1 July 2015 to 31 December 2019

Qualifications:
Jodie holds a Bachelor of Commerce, is a CFA Charter holder and a graduate of the Australian Institute of Company Directors.

Experience and expertise:
Jodie is an experienced financial services executive with over 20 years of experience. From 2013 to 2023, she held a series of executive positions, including Asia Pacific CEO, with global asset manager, Russell Investments.

Prior to her time at Russell Investments, Jodie worked at Mercer in several senior roles. She began her financial services career with a graduate cadetship at Commonwealth Bank of Australia. Jodie is a non-executive director of listed financial services organisation, Insignia Financial Limited, Chair of MLC Services Limited and an Investment Advisory Committee Member of the Sydney Community Foundation.

Special responsibilities:
Member of the Audit Committee and the Environmental, Social, Governance & Remuneration Committee.

Directors' report

Information on directors

Name:
Timothy Pike

Title:
Director (from 1 August 2022)

Qualifications:
Tim holds Masters degrees in Business, Military and Defence Studies and Cyber Security Operations and is a Member of the Australian Institute of Company Directors.

Experience and expertise:
Tim has served in the Australian Army for 26 years and is currently the Deputy Commander of Defence Strategic Communications Branch that is responsible for the operation and cyber security of Defence's strategic and deployed networks. Prior to this, he attended the Australian War College's Defence and Strategic Studies Course and commanded the 7th Signal Regiment (Electronic Warfare). Tim has served in a variety of locations around Australia and Overseas working with soldiers, sailors and aviators with responsibility for information communications technology and cyber security operations.

Special responsibilities:
Member of the Environmental, Social, Governance & Remuneration Committee.

Name:
Francesca Rush

Title:
Director (from 22 March 2022)

Qualifications:
Francesca holds a degree in Law (Honours).

Experience and expertise:
Francesca has over 30 years' experience as a lawyer in private legal practice and in government. She was a Partner of Clayton Utz in the years 2003 to 2008 and from 2011 to 2019, which included serving as National Practice Group Leader for the Banking and Financial Services practice. Francesca is currently Chief Counsel – Department of Defence. As Chief Counsel, Francesca has responsibility for leading the Department of Defence's legal team and providing strategic legal advice on complex legal matters, including complex contracting and procurement matters, to Defence leadership and to Government.

Special responsibilities:
Member of the Risk Committee

Directors' report

Information on directors

Name:
Rebecca Tolhurst

Title:
Director (from 1 July 2020)

Qualifications:
Rebecca holds degrees in Law (Honours) and Commerce and is a Graduate Member of the Australian Institute of Company Directors.

Experience and expertise:
Rebecca commenced her career in private legal practice in property and general commercial law before taking up her current position as General Counsel with the Bickford's Group, including responsibility for People and Culture. Her experience has extended broadly into the consumer goods, retail and property sectors in a transactional and strategic capacity. Rebecca also holds the position of Deputy Chair of the Barossa Co-op, a retail co-operative founded in 1944 operating in her home region of the Barossa Valley.

Special responsibilities:
Chair of the Audit Committee from 7 February 2024.

Directors' report

Information on Chief Executive Officer

Name:
Darlene Mattiske-Wood

Title:
Chief Executive Officer

Qualifications:
Darlene's qualifications include the Advanced Management Program, Harvard University; Diploma in Management; Bachelor of Management and a Graduate Diploma in Human Resource Management. Darlene is also certified in Human Centered Design and is a member of Chief Executive Women and a Member of the Australian Institute of Company Directors.

Experience and expertise:
Darlene has more than 25 years' experience in strategic and executive leadership, 20 of these years at the CEO and Deputy CEO level. Darlene has held several Board positions including, currently, as a Director of the Customer Owned Banking Association (COBA), Director of the CEO International Advisory Board for Finacle, Infosys and, previously, as Chair of Mutual Marketplace.

Awards and recognition:
Darlene is the recipient of a Telstra Business Women's Award, and a finalist in the National Retail Banking Awards for Executive of the Year. Darlene is also a recipient of two Australian Human Resource Institute (AHRI) awards for People Leadership and People Strategy.

Company secretary

Name:
Nicholas Parkin

Title:
General Counsel & Company Secretary

Qualifications:
Nick holds degrees in Commerce and Law along with a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. He is a graduate of the Australian Institute of Company Directors.

Experience and expertise:
Nick has over 20 years' experience working as a lawyer, company secretary and governance professional in Australia, the United Kingdom and New Zealand.

Nick has worked in private practice as lawyer in the areas of corporate law, capital markets and financial services and as a lawyer and/or company secretary in Australian corporates including Worley Limited, Helloworld Limited, Australian Ethical Investment Limited, Insurance Australia Group Limited and Westpac.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Board		Risk Committee		Audit Committee		Environment, Social, Governance & Remuneraton Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
A.Bardwell	8	8	4	4	-	-	-	-
S.Fitzgerald	8	8	4	4	5	5	-	-
M.Crane	8	8	-	-	-	-	4	4
J.Hampshire	8	8	-	-	5	5	4	4
T.Pike	8	8	-	-	-	-	4	4
F.Rush	8	8	4	4	-	-	-	-
R.Tolhurst	8	8	-	-	5	5	-	-

Shares under option

There were no unissued ordinary shares of Australian Military Bank Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Australian Military Bank Ltd issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and officers of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and officers of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Board resolution

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Alan Bardwell Chair	**Sean Fitzgerald** Deputy Chair
1 October 2025 Sydney	1 October 2025 Sydney


Australian
Military Bank

KPMG

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

To the Directors of Australian Military Bank Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Military Bank Ltd for the financial year ended 30 June 2025 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

Tom Elliot

Partner

Sydney

1 October 2025

Consolidated entity disclosure statement for the year ended 30 June 2025

Entity name	Body corporate or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Australian Military Bank Ltd	Body corporate	Australia	N/A	Australia	N/A
Artemis Securitisation Trust Repo Series No. 1	Trust	Australia	100%	Australia	N/A

Statements of profit or loss and comprehensive income

For the year ended 30 June 2025

Statements of profit or loss	**Note**	**Consolidated** 30 June 2025 $'000	**Consolidated** 30 June 2024 $'000	**Parent** 30 June 2025 $'000	**Parent** 30 June 2024 $'000
Interest revenue	3	113,979	100,481	113,979	100,481
Interest expense	4	(71,316)	(61,746)	(71,316)	(61,746)
Net interest income		42,663	38,735	42,663	38,735
Fee commission and other income	3	4,181	4,013	4,181	4,013
Fee and commission expenses		(6,253)	(7,391)	(6,253)	(7,391)
		(2,072)	(3,378)	(2,072)	(3,378)
Net operating income before expenses		40,591	35,357	40,591	35,357
Impairment expenses	4	(4)	157	(4)	157
Employees compensation and benefits		(19,518)	(18,762)	(19,518)	(18,762)
Administration expenses		(4,101)	(4,423)	(4,101)	(4,423)
Information technology		(4,267)	(4,002)	(4,267)	(4,002)
Office occupancy expenses		(1,007)	(596)	(1,007)	(596)
Depreciation and amortisation	4	(1,693)	(1,722)	(1,693)	(1,722)
Other operating expenses		(1,401)	(1,690)	(1,401)	(1,690)
		(31,991)	(31,038)	(31,991)	(31,038)
Profit before income tax expense		8,600	4,319	8,600	4,319
Income tax expense	5	(2,100)	(1,268)	(2,100)	(1,268)
Profit after income tax expense for the year attributable to the members of Australian Military Bank Ltd		**6,500**	**3,051**	**6,500**	**3,051**

Statements of comprehensive income	**Consolidated** 30 June 2025 $'000	**Consolidated** 30 June 2024 $'000	**Parent** 30 June 2025 $'000	**Parent** 30 June 2024 $'000
Profit after income tax from continuing operations	6,500	3,051	6,500	3,051
Items that may be reclassified subsequently to profit or loss				
(Losses)/gains on cash flow hedges taken to equity Items (net of tax)	(82)	(849)	(82)	(849)
Other comprehensive income for the year, net of tax	(82)	(849)	(82)	(849)
Total comprehensive income for the year attributable to the members of Australian Military Bank Ltd	**6,418**	**2,202**	**6,418**	**2,202**

The above statements of profit or loss and comprehensive income should be read in conjunction with the accompanying notes

Statements of financial position

As at 30 June 2025

Statements of financial position	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000	Parent 30 June 2025 $'000	Parent 30 June 2024 $'000
Cash and cash equivalents	6	35,520	41,132	35,520	41,132
Other financial assets	7	311,259	276,642	311,259	276,642
Receivables and other assets	8	12,585	12,641	12,585	12,641
Loans to members	9	1,796,291	1,623,079	1,796,291	1,623,079
Other loans	11	715	1,173	715	1,173
Property, plant and equipment	12	825	825	825	825
Right-of-use assets	13	3,783	5,043	3,783	5,043
Deferred tax assets	15	922	259	922	259
Intangible assets	14	230	25	230	25
Total assets		2,162,130	1,960,819	2,162,130	1,960,819
Liabilities					
Borrowings from financial and other institutions	16	15,000	15,000	15,000	15,000
Deposits	17	2,003,370	1,803,766	2,003,370	1,803,766
Creditors, accruals and other liabilities	18	23,721	27,250	23,721	27,250
Lease liabilities	13	4,370	5,439	4,370	5,439
Employee benefits		1,415	1,528	1,415	1,528
Total liabilities		2,047,876	1,852,983	2,047,876	1,852,983
Net assets		114,254	107,836	114,254	107,836
Equity					
Reserves	19	(87)	(5)	(87)	(5)
Retained earnings		114,341	107,841	114,341	107,841
Total equity		**114,254**	**107,836**	**114,254**	**107,836**

The above statements of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity

For the year ended 30 June 2025

Consolidated and Parent	Cash flow hedge reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2023	844	104,790	105,634
Profit after income tax expense for the year	-	3,051	3,051
Other comprehensive income for the year, net of tax	(849)	-	(849)
Total comprehensive income for the year	(849)	3,051	2,202
Balance at 30 June 2024	(5)	107,841	107,836

Consolidated and Parent	Cash flow hedge reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2024	(5)	107,841	107,836
Profit after income tax expense for the year	-	6,500	6,500
Other comprehensive income for the year, net of tax	(82)	-	(82)
Total comprehensive income for the year	(82)	6,500	6,418
Balance at 30 June 2025	(87)	114,341	114,254

The above statements of changes in equity should be read in conjunction with the accompanying notes

Statements of cash flows

For the year ended 30 June 2025

	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000	Parent 30 June 2025 $'000	Parent 30 June 2024 $'000
Cash flows from operating activities					
Profit before income tax expense for the year		8,600	4,319	8,600	4,319
Adjustments for:					
Depreciation and amortisation		1,693	1,722	1,693	1,722
Impairment expenses/(reversal)		4	(157)	4	(157)
Other non-cash items		(115)	(9)	(115)	(9)
Interest revenue		(113,979)	(100,481)	(113,979)	(100,481)
Interest expense		71,316	61,746	71,316	61,746
		(32,481)	(32,860)	(32,481)	(32,860)
Change in operating assets and liabilities:					
Increase in prepayments		(1,106)	(566)	(1,106)	(566)
Increase in sundry receivables		(546)	(736)	(546)	(736)
Increase in loan balances		(173,278)	(176,287)	(173,278)	(176,287)
Decrease in other loans		482	1,425	482	1,425
Increase in deposit balances		199,605	220,058	199,605	220,058
Decrease in other provisions		(113)	(297)	(113)	(297)
(Decrease)/Increase in accrued expenses		(3,690)	4,180	(3,690)	4,180
		21,354	47,777	21,354	47,777
Cash (used in)/generated from operations		(11,127)	14,917	(11,127)	14,917
Interest received		113,706	99,352	113,706	99,352
Interest expense paid		(71,006)	(50,573)	(71,006)	(50,573)
Income taxes net paid		(751)	(2,284)	(751)	(2,284)
Net cash from operating activities		30,822	61,412	30,822	61,412
Cash flows from investing activities					
Increase in other financial assets		(34,579)	(35,819)	(34,579)	(35,819)
Payments for property, plant and equipment		(401)	(272)	(401)	(272)
Payments for intangibles		(237)	-	(237)	
Net cash used in investing activities		(35,217)	(36,091)	(35,217)	(36,091)
Cash flows from financing activities					
Increase in hedging derivatives		116	9	116	9
Repayments for borrowings		-	(24,234)	-	(24,234)
Repayment of lease liabilities		(1,333)	(1,261)	(1,333)	(1,261)
Net cash used in financing activities		(1,217)	(25,486)	(1,217)	(25,486)
Net decrease in cash and cash equivalents		(5,612)	(165)	(5,612)	(165)
Cash and cash equivalents at the beginning of the financial year		41,132	41,297	41,132	41,297
Cash and cash equivalents at the end of the financial year	6	35,520	41,132	35,520	41,132

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes of the financial statements

Note 1. General information

The financial statements cover both Australian Military Bank Ltd ('Company' or 'parent entity') as an individual entity and the consolidated entity consisting of Australian Military Bank Ltd and the entity it controlled at the end of, or during, the year (collectively referred to as the 'Bank' or 'consolidated entity). The financial statements are presented in Australian dollars, which is Australian Military Bank Ltd's functional and presentation currency.

The Artemis Securitisation Trust Repo Series No. 1 (Artemis Trust) is a self-securitisation trust established for liquidity purposes. Artemis Trust is consolidated as part of the Bank and at the parent entity level and cannot be derecognised under AASB 9, due to the nature of the Artemis Trust. As a result, consolidated entity and parent entity numbers disclosed in the financial statements are the same.

Australian Military Bank Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1,1 Bligh Street
Sydney, NSW 2000

A description of the nature of the Bank's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 October 2025. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policies

The material accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Bank has adopted all applicable new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Bank. Management is in the process of assessing the impact of AASB 18 Presentation and Disclosure in Financial Statements, which was issued in June 2024 and replaces AASB 101 Presentation of Financial Statements (applicable to the Bank's financial statements from the 2027/28 reporting period).

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Historical cost convention

The financial statements have been prepared under the historical cost or amortised cost convention, except for equity securities and derivatives which are stated at fair value.

Presentation of the statement of financial position
The financial report presents assets and liabilities on the face of the statement of financial position in decreasing order of liquidity. Information is included in the relevant notes where amounts are expected to be recovered or settled after twelve months.

Parent entity information
These financial statements include the results of both the parent entity and the Bank in accordance with Class Order 10/654, issued by the Australian Securities and Investments Commission.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Bank as at 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Bank are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Bank.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Bank loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Bank recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Financial assets and financial liabilities
Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial liabilities
The Bank's financial liabilities include borrowings, members' deposits, derivative financial instruments, creditors, accruals and other liabilities and lease liabilities.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Bank designated a financial liability at fair value through profit or loss ('FVTPL').

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expense, or non-interest expenses.

Classification and measurement of financial assets
All financial assets are initially measured at fair value adjusted for transaction costs, where applicable.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- amortised cost;
- FVTPL; and
- fair value through other comprehensive income ('FVOCI')

All income and expenses relating to financial assets that are recognised in profit or loss are presented within net interest income, except for impairment of loans and receivables and bad debts recovered, the net amount of which is recognised in operating expenses.

Business model assessment
The business model reflects how the Bank manages financial assets in order to generate returns. This is assessed at the level which best reflects the manner in which risk and returns are managed and information is provided to management. The factors considered in determining the business model include:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, 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 the assets;
- how the financial assets' performance is evaluated and reported to management;
- how the risks within the portfolio are assessed and managed; and
- the frequency, volume, timing for past sales, sales expectations in future periods and the reasons for such sales.

Assessment of whether contractual cash flows meet the solely payments of principal and interest ('SPPI') test
In making the assessment of whether the contractual cash flows have SPPI characteristics, management considers whether the cash flows represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically comprises compensation for the time value of money, credit risk and other basic lending costs, such as liquidity risk and administrative costs. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be measured at fair value through profit or loss.

In making the assessment, the Bank considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements) and features that modify consideration of the time value of money.

The Bank is required to differentiate between financial asset debt instruments and financial asset equity instruments.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. There were no changes to any of the business models during the current year.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances.

Judgement, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 10 – Provision for expected credit losses.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Bank for the annual reporting period ended 30 June 2025. In April 2024, the International Accounting Standards Board issued IFRS 18 Presentation and Disclosure in Financial Statements. The Australian equivalent standard is AASB 18 and applies to reporting periods beginning on or after 1 January 2027, with an option to adopt this standard earlier. The Bank has opted not to adopt this standard early.

Note 3. Revenue and income

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Interest revenue				
Cash and cash equivalents	136	182	136	182
Investment securities	15,484	15,433	15,484	15,433
Loans to members and other loans	98,359	84,866	98,359	84,866
Total interest revenue	113,979	100,481	113,979	100,481

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Fee, commission and other income				
Fee income on loans - other than loan origination fees	648	806	648	806
Other fee income	1,648	1,607	1,648	1,607
Insurance commissions	1,019	963	1,019	963
Other commissions	728	633	728	633
Total fee and commission revenue	4,043	4,009	4,043	4,009
Other income				
Miscellaneous revenue	138	4	138	4
Total fee commission and other income	4,181	4,013	4,181	4,013

Accounting policy for revenue and income

Fees on loans
The fees charged on loans after origination of the loan are recognised as income when the service is provided or costs are incurred.

Interest earned and interest receivable
Interest income and expense for all financial instruments measured at amortised cost is recognised in the income statement using the effective interest rate method. The effective interest rate ('EIR') methodology is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts 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.

When calculating the effective interest rate, cash flows are estimated based upon all contractual terms of the financial instrument (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees and other amounts paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

Loan origination fees and discounts
Loan establishment fees and discounts are initially deferred as part of the loan balance and are brought to account as income over the expected life of the loan as interest revenue under the EIR method.

Transaction costs
Transaction costs are expenses which are direct and incremental to the establishment of the loan. These costs are initially deferred as part of the loan balance and are brought to account as a reduction to income over the expected life of the loan and included as part of interest revenue under the EIR method.

Commission income

Commissions represent fees from third parties where the Bank acts as an agent by arranging a third party (e.g. an insurance provider) to provide goods and services to a customer. In such cases, the Bank is not primarily responsible for providing the underlying good or service to the customer. For trail commission, revenue is recognised on an accruals basis on completion of the referral or when the commission is received.

Note 4. Expenses

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	230	295	230	295
Leasehold improvements	171	81	171	81
Buildings right-of-use assets	1,260	1,321	1,260	1,321
Software	32	25	32	25
Total depreciation and amortisation	1,693	1,722	1,693	1,722
Impairment and other losses				
Impairment losses/(reversals) on loans to members, other loans, other financial assets and deposits on call:				
Provision for impairment decrease	(226)	(462)	(226)	(462)
Bad debts written off directly against profit	273	394	273	394
Bad debts recovered	(43)	(89)	(43)	(89)
Total impairment losses/(reversals)	4	(157)	4	(157)
Interest expense				
Interest expense on liabilities carried at amortised cost - Deposits	69,834	60,193	69,834	60,193
Interest expense on liabilities carried at amortised cost - Borrowings	1,218	1,233	1,218	1,233
Interest and finance charges paid/payable on lease liabilities	264	320	264	320
Total interest expense	71,316	61,746	71,316	61,746
Superannuation expenses (included in Employees compensation and benefit expenses)				
Defined contribution superannuation expense	1,886	1,753	1,886	1,753

Accounting policy for defined contribution superannuation expense

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.

Note 5. Income tax expense

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000	Parent 30 June 2025 $'000	Parent 30 June 2024 $'000
Income tax expense				
Current tax	2,081	524	2,081	524
Deferred tax - origination and reversal of temporary differences (note 15)	33	636	33	636
(Over provision)/under provision of taxes of prior periods	(14)	108	(14)	108
Aggregate income tax expense	2,100	1,268	2,100	1,268
Deferred tax included in income tax expense comprises:				
Decrease in deferred tax assets (note 15)	33	636	33	636
Numerical reconciliation of income tax expense and tax at the statutory rate				
Profit before income tax expense	8,600	4,319	8,600	4,319
Tax at the statutory tax rate of 30% (2024: 30%)	2,580	1,296	2,580	1,296
Tax effect amounts which are not deductible in calculating taxable income:				
Tax adjustments	(466)	(136)	(466)	(136)
	2,114	1,160	2,114	1,160
(Over provision)/under provision of taxes of prior periods	(14)	108	(14)	108
Income tax expense	2,100	1,268	2,100	1,268

Accounting policy for income and deferred tax
Australian Military Bank Ltd and the Artemis Securitisation Trust Repo Series No.1 is a consolidated group for tax purposes. Australian Military Bank Ltd is the head of this tax consolidated group.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 6. Cash and cash equivalents

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Cash on hand	685	774	685	774
Deposits on call	34,835	40,358	34,835	40,358
	35,520	41,132	35,520	41,132

Included within cash and cash equivalents at 30 June 2025 is $6,656,623 and $110,070 for liquidity and expense reserve respectively (2024: $6,659,149 and $110,070) held within Artemis Securitisation Trust Repo Series No. 1 (Artemis Trust), which is a self-securitisation trust established for liquidity purposes.

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and on demand deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 7. Other financial assets

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Investments at amortised cost				
Negotiable Certificates of Deposits	201,900	167,933	201,900	167,933
Corporate bonds	9,996	10,008	9,996	10,008
Government bonds	84,222	83,539	84,222	83,539
Term deposits	15,140	15,140	15,140	15,140
	311,258	276,620	311,258	276,620
Equity investment securities designated as FVTPL				
Shared Lending Pty Ltd shareholding	-	20	-	20
CUSCAL shareholding	1	2	1	2
	311,259	276,642	311,259	276,642

Refer to note 22 for further information on fair value measurement.

Accounting policy for other financial assets

Investments at amortised cost
Term Deposits and Negotiable Certificates of Deposit with other financial institutions are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity. All deposits are in Australian currency.

The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the statement of financial position.

Financial assets at amortised cost
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 to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is not material. Cash and cash equivalents, loans, other financial assets and receivables fall into this category of financial instruments.

Financial assets at FVTPL
Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of the Bank's business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All equity and derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Note 8. Receivables and other assets

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Interest receivable on loans and other financial assets	5,674	5,399	5,674	5,399
Prepayments	2,360	1,256	2,360	1,256
Income tax refund due	332	2,310	332	2,310
Sundry debtors and settlement accounts	4,219	3,676	4,219	3,676
	12,585	12,641	12,585	12,641

Accounting policies
Refer to the following notes for accounting policies:
- Note 3 for interest receivable
- Note 10 for provision for expected credit losses

Note 9. Loans to members

Loans to members comprise of financial assets at amortised cost

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Loans to members[1]	1,793,058	1,620,563	1,793,058	1,620,563
Add: Unamortised loan origination expenses	3,571	3,017	3,571	3,017
Subtotal	1,796,629	1,623,580	1,796,629	1,623,580
Less: Allowance for expected credit losses	(338)	(501)	(338)	(501)
	1,796,291	1,623,079	1,796,291	1,623,079
Loans to members comprises				
Overdrafts and revolving credit	8,331	9,823	8,331	9,823
Term loans	1,784,727	1,610,740	1,784,727	1,610,740
	1,793,058	1,620,563	1,793,058	1,620,563

[1] $1,792,116,450 (2024: $1,616,781,183) is expected to contractually finally mature in more than 12 months after the reporting date for the consolidated entity.

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Credit quality - security held against loans				
Secured by mortgage over real estate	1,748,003	1,572,410	1,748,003	1,572,410
Partly secured by vehicle mortgage	27,866	29,528	27,866	29,528
Wholly unsecured	17,189	18,625	17,189	18,625
	1,793,058	1,620,563	1,793,058	1,620,563
It is not practicable to value all collateral as at the reporting date due to the variety of assets and condition. A breakdown of the quality of the residential mortgage security on a portfolio basis is as follows:				
Security held as mortgage against real estate is on the basis of:				
loan to valuation ratio of less than or equal to 80%	1,324,915	1,174,363	1,324,915	1,174,363
loan to valuation ratio of more than 80% but mortgage insured	231,226	206,040	231,226	206,040
loan to valuation ratio of more than 80% and not mortgage insured (including Government guarantee loans)	191,862	192,007	191,862	192,007
Total	1,748,003	1,572,410	1,748,003	1,572,410

Loan to valuation ratio ('LVR') is calculated as the ratio of current loan balance and the valuation of the collateral at the time the mortgage was funded.

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Concentration of loans by purpose				
Residential mortgage loans[2]	1,748,003	1,572,410	1,748,003	1,572,410
Personal loans	36,724	38,330	36,724	38,330
Credit cards and overdrafts	8,331	9,823	8,331	9,823
Total	1,793,058	1,620,563	1,793,058	1,620,563

[2] Of this amount $331,800,000 (2024: $331,800,000) was securitised and transferred to Artemis Trust that was consolidated as part of the Bank and at the parent entity level, the derecognition criteria under AASB 9 was not applicable.

Ageing profile of loans to members

The ageing profile of loans from members is as follows:

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Current not overdue	1,773,698	1,600,764	1,773,698	1,600,764
1 to 29 days	16,634	17,579	16,634	17,579
30 to 89 days	2,185	1,118	2,185	1,118
90 days to 180 days	165	545	165	545
181 days to 272 days	50	179	50	179
273 days to 364 days	109	109	109	109
365 days and over	217	269	217	269
	1,793,058	1,620,563	1,793,058	1,620,563

Accounting policy for loans to members

All loans are initially recognised at fair value, plus incremental direct transaction costs and subsequently at their amortised cost using the effective interest method.

Loans to members are non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that are not intended to sell immediately or in the near term.

Note 10. Provision for expected credit losses ('ECL')

Amounts arising from ECL

The provision for ECL by class of exposure/asset is summarised in the table below.

	Gross Carrying Value 2025 $'000	ECL Allowance 2025 $'000	Carrying Value 2025 $'000	Gross Carrying Value 2024 $'000	ECL Allowance 2024 $'000	Carrying Value 2024 $'000
Loans to members						
Mortgages	1,748,003	48	1,747,955	1,572,410	39	1,572,371
Personal	36,724	166	36,558	38,330	172	38,158
Credit cards and overdrafts	8,331	124	8,207	9,823	290	9,533
Total loans to members	1,793,058	338	1,792,720	1,620,563	501	1,620,062
Other loans						
Marketplace lending	720	5	715	1,202	29	1,173
Other financial assets						
Due from other financial institutions	311,269	11	311,258	276,670	50	276,620
Deposits at call	34,835	-	34,835	40,358	-	40,358
Total other financial assets	346,104	11	346,093	317,028	50	316,978
Total	**2,139,882**	**354**	**2,139,528**	**1,938,793**	**580**	**1,938,213**

Included in the amount is $287 (2024: $958) provision for loan commitments that have not commenced drawdown with the carrying value $12,951,938 (2024: $11,728,987). These commitments are all classified as Stage 1. Loan commitments outstanding for facilities that have been partially drawn upon total $16,728,424 (2024: $6,883,481) and the ECL on these commitments is included in the total ECL but not separately distinguishable for the drawn and undrawn components.

An analysis of the Bank's credit risk exposure per class of financial assets and stage without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables.

	Stage 1 Carrying Value 2025 $'000	Stage 1 12 month ECL 2025 $'000	Stage 2 Carrying Value 2025 $'000	Stage 2 Lifetime ECL (not credit impaired) 2025 $'000	Stage 3 Carrying Value 2025 $'000	Stage 3 Lifetime ECL (credit impaired) 2025 $'000	Total Gross Carrying Value 2025 $'000	Total ECL 2025 $'000
Mortgages	1,742,722	35	5,212	10	69	3	1,748,003	48
Personal	36,338	77	136	11	250	78	36,724	166
Overdrafts	7,990	23	143	11	198	90	8,331	124
Total loans to members	1,787,050	135	5,491	32	517	171	1,793,058	338
Other loans	718	5	2	-	-	-	720	5
Other financial assets	311,269	11	-	-	-	-	311,269	11
Deposits on call	34,835	-	-	-	-	-	34,835	-
Total	**2,133,872**	**151**	**5,493**	**32**	**517**	**171**	**2,139,882**	**354**

	Stage 1 Carrying Value 2024 $'000	Stage 1 12 month ECL 2024 $'000	Stage 2 Carrying Value 2024 $'000	Stage 2 Lifetime ECL (not credit impaired) 2024 $'000	Stage 3 Carrying Value 2024 $'000	Stage 3 Lifetime ECL (credit impaired) 2024 $'000	Total Gross Carrying Value 2024 $'000	Total ECL 2024 $'000
Mortgages	1,565,515	20	6,439	8	456	11	1,572,410	39
Personal	37,938	85	188	15	204	72	38,330	172
Overdrafts	9,316	36	131	15	376	239	9,823	290
Total loans to members	1,612,769	141	6,758	38	1,036	322	1,620,563	501
Other loans	1,180	14	3	1	19	14	1,202	29
Other financial assets	276,670	50	-	-	-	-	276,670	50
Deposits on call	40,358	-	-	-	-	-	40,358	-
Total	**1,930,977**	**205**	**6,761**	**39**	**1,055**	**336**	**1,938,793**	**580**

The reconciliations from the opening to the closing balance of the allowance for impairment by class of financial instrument is shown in the table below. The ECL provision transfers between stages for the current and comparative years are not material.

	Stage 1 12 month ECL 2025 $'000	Stage 2 Lifetime ECL 2025 $'000	Stage 3 Lifetime ECL 2025 $'000	Total 2025 $'000
Loans to members and other loans				
Balance at 30 June 2024	155	39	336	530
Change in the loss allowance	(15)	(7)	(165)	(187)
Balance at 30 June 2025	140	32	171	343
Other financial assets				
Balance at 30 June 2024	50	-	-	50
Change in the loss allowance	(39)	-	-	(39)
Balance at 30 June 2025	11	-	-	11
Total	151	32	171	354

	Stage 1 12 month ECL 2024 $'000	Stage 2 Lifetime ECL 2024 $'000	Stage 3 Lifetime ECL 2024 $'000	Total 2024 $'000
Loans to members and other loans				
Balance at 30 June 2023	333	103	539	975
Change in the loss allowance	(178)	(64)	(203)	(445)
Balance at 30 June 2024	155	39	336	530
Other financial assets				
Balance at 30 June 2023	67	-	-	67
Change in the loss allowance	(17)	-	-	(17)
Balance at 30 June 2024	50	-	-	50
Total	205	39	336	580

Stage 1 is defined as being less than 30 days past due and not experiencing financial hardship. Stage 2 is defined as either between 30 days past due and 90 days past due, or less than 30 days past due but flagged for financial hardship. Stage 3 is defined as loans greater than or equal to 90 days past due.

Accounting policy for expected credit losses
The Bank recognises loss allowances for expected credit losses ('ECL') on the following financial instruments that are not measured at FVTPL:
- financial assets that are debt instruments;
- loan commitments issued;
- loans to members; and
- other loans.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
- debt investment securities, that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

The 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. They are measured as follows:
- financial assets: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive); and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

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, ECL are measured based on the expected cash flows arising from the modified financial asset which are included in calculating the cash shortfalls from the existing asset.

Credit-impaired financial assets
At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- contractual payments as either principal or interest and past due for over 90 days;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise (e.g. hardship); and
- it is becoming probable that the borrower will enter bankruptcy.

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.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance loss for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in impairment losses on loans to members in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Renegotiated loans
Loans which are subject to renegotiated terms are classified as impaired until repayments based on the renegotiated terms have been observed continuously for a period of six months. Notwithstanding this, once a borrower is assessed by the Bank as able to recommence agreed repayments the facility is then treated as though there is no significant increase in credit risk since initial recognition and subject to a 12-month ECL until such time that any further indication of impairment arises.

Credit risk grades
The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Treasury exposures	**Retail Lending exposures**
Data from credit reference agencies, press articles, changes in external credit ratings.	May be moved to lower grades based on internally collected data on customer behaviour – e.g. overdue payments or notification of financial hardship.
Actual and expected significant changes in the political, regulatory and technological environment or in business activities.	Requests for and granting of hardship variation.
	Existing and forecast changes in business, financial and economic conditions

Determining whether credit risk has increased significantly
The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant differs for different types of instruments, in particular between wholesale and retail.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if:

- For all counterparties: Payments are overdue for 30 days or greater or the Bank is notified of financial difficulty of the borrower.
- Additionally for wholesale counterparties: if the external credit rating of a rated counterparty has deteriorated since initial recognition.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or financial hardship, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank applies a probation period of six months during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default
The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is at least 90 days past due on their credit obligation to the Bank; or

- it is becoming probable that the borrower will restructure the asset as a result of financial difficulty due to the borrower's inability to pay its credit obligations.

Modified financial assets
The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2. When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties (referred to as 'hardship variations') to maximise collection opportunities and minimise the risk of default. Under the Bank's Collections policy, loan variations are granted on a selective basis if the debtor is currently in default on its debt; or if there is a high risk of the borrower not being able to meet their obligations when they fall due; there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms; and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity and changing the timing of principal and interest payments.

For financial assets modified as part of the Bank's hardship policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar variations. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, hardship is a qualitative indicator of a significant increase in credit risk and an expectation of hardship may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired, or in default, or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

The Bank treats all applications for hardship as being a significant increase in credit risk and from the time that the borrower applies for hardship modification until either their request is declined and the borrower is determined to be capable of continuing to make payments, or their variation request is accepted and then until they return to making full repayments, all loan facilities for the borrower are treated as Stage 2 for the purpose of calculating the ECL. If a borrower has applied for a hardship variation but then defaults on the negotiated reduced repayments, that loan will then be treated as Stage 3 for the purposes of calculating the ECL.

Measurement of ECL
The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- economic scenarios;
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD

Generating the term structure of PD

Probability of Default ('PD') is an estimate of the proportion of accounts that move from performing to default.

The Bank collects performance and default information about its credit risk exposures analysed by type of product as well as by credit risk grading.

The Bank has collected and analysed historical time series data to generate estimates of the probability of an exposure moving from its current grade to grade 5 (Default) over either a 12-month horizon or the remaining lifetime of the exposure.

LGD

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of loss and recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. For the Home Loan portfolio, the Bank has observed very few instances of loss over the 10-year observation period. Internal data was considered inadequate for statistical modelling and for this portfolio a benchmark LGD value is used based on the average LGD values published by the four major Australian banks for similar products.

EAD

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, EADs are based on current exposure plus potential future amounts that are available to be drawn under the contract.

For retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Bank can cancel undrawn commitments with immediate effect when the Bank becomes aware of an increase in credit risk at the facility level and this is automatically actioned if a facility reaches 90 days overdue. As such, only 70% of the available credit limits are considered when calculating the EAD.

As described above and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk. The Bank retains the right to enforce payment of any outstanding exposure after the contractual period has expired. For facilities that remain unpaid after the contractual period has expired, the Bank has applied an expected remaining lifetime of a further 12 months to represent the observed average time that a counterparty would take to repay a facility if they have exceeded their contractual maturity.

However, for retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, there is no fixed term or contractual period expiry. The Bank can cancel undrawn commitments with immediate effect but this contractual right is not enforced in the normal day-to-day management, usually only when the Bank becomes aware of an increase in credit risk at the facility level. The expected lifetime of these facilities is taken as 36 months, which is the expected time that would be required to repay the facility once the Bank reduces or cancels ongoing credit limits and converts the exposure to a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- date of initial recognition; and
- remaining term to maturity.

The groupings are subject to periodic review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data.

Forward looking assumptions
The Bank incorporates forward-looking information into the measurement of ECL. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical loss rates for each portfolio over the past 10 years, has estimated relationships between macro-economic variables and credit risk and credit loss. The key drivers for credit risk for all portfolios are: GDP growth, inflation and unemployment rates. Other drivers that were tested but discovered to not have strong correlation with defaults for the Bank include interest rates and housing price movements.

Forward looking assumptions 2025
For the year ended 30 June 2025, the Bank formulated three economic scenarios:

Scenario 1 (Base Case):	Where the Australian economy performs as forecasted by the RBA.
Scenario 2 (Upside):	Where the Australian economy tracks better than the RBA's forecasts in terms of unemployment, growth and inflation.
Scenario 3 (Downside):	Where the Australian economy performs worse than forecasted by the RBA.

The Bank determined the probability of each scenario occurring was 50%, 10% and 40% respectively. External information considered included economic data and forecasts published by the Reserve Bank of Australia. The table compares the approximate levels of ECL under 3 more probabilities at 30 June 2025, holding all other assumptions constant:

	ECL sensitivity analysis $'000
ECL on loans (weighted 50% base, 10% upside, 40% downside)	342
Base case scenario (weighted 100%)	275
Upside case scenario (weighted 100%)	256
Downside scenario (weighted 100%)	475

A review is performed at least annually on the design and expected probability of the scenarios by a committee of the Bank's senior management and technical specialists.

Forward looking assumptions 2024
For the year ended 30 June 2024, the Bank formulated three economic scenarios:

Scenario 1 (Base Case):	Where the Australian economy performs as forecasted by the RBA.
Scenario 2 (Upside):	Where the Australian economy tracks better than the RBA's forecasts in terms of unemployment, growth and inflation.
Scenario 3 (Downside):	Where the Australian economy performs worse than forecasted by the RBA.

The Bank determined the probability of each scenario occurring was 50%, 20% and 30% respectively. External information considered included economic data and forecasts published by the Reserve Bank of Australia. The table compares the approximate levels of ECL under 3 more probabilities at 30 June 2024, holding all other assumptions constant:

	ECL sensitivity analysis $'000
ECL on loans (weighted 50% base, 30% upside, 20% downside)	530
Base case scenario (weighted 100%)	518
Upside scenario (weighted 100%)	455
Downside scenario (weighted 100%)	600

Note 11. Other loans

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Concentration of loans by purpose				
Marketplace lending	720	1,202	720	1,202
Less: Provision for ECL (note 10)	(5)	(29)	(5)	(29)
Total	715	1,173	715	1,173

Marketplace lending
The Bank invested in loans via marketplace lending platforms in accordance with the Bank's risk appetite. Under these agreements, the Bank provided funding to selected secured and unsecured loan exposures.

Note 12. Property, plant and equipment

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Leasehold improvements - at cost	3,619	3,313	3,619	3,313
Less: Accumulated depreciation	(2,979)	(2,836)	(2,979)	(2,836)
	640	477	640	477
Plant and equipment - at cost	2,693	2,630	2,693	2,630
Less: Accumulated depreciation	(2,508)	(2,282)	(2,508)	(2,282)
	185	348	185	348
	825	825	825	825

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated and Parent	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 30 June 2023	370	557	927
Additions	188	86	274
Depreciation expense	(81)	(295)	(376)
Balance at 30 June 2024	477	348	825
Additions	334	67	401
Depreciation expense	(171)	(230)	(401)
Balance at 30 June 2025	640	185	825

Accounting policy for property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives for the current and comparative years are as follows:

Leasehold improvements:	3-5 years
Plant and equipment:	3-10 years

Assets less than $1,000 are not capitalised.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Bank. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Right-of-use assets

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Land and buildings - right-of-use	6,364	6,364	6,364	6,364
Less: Accumulated depreciation	(2,581)	(1,321)	(2,581)	(1,321)
	3,783	5,043	3,783	5,043

The Bank entered into a new lease contract on 30 June 2023 for its premises. The lease agreement is for an initial period of 5 years, expiring on 30 June 2028 with an option to extend for another 5 years. The lease liabilities have been recorded assuming the Bank will not extend beyond the initial 5-year period. On expiry, the terms of a new lease may be negotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated and Parent	Land and buildings $'000
Balance at 30 June 2023	6,364
Depreciation expense	(1,321)
Balance at 30 June 2024	5,043
Depreciation expense	(1,260)
Balance at 30 June 2025	3,783

Refer to note 21 for further information on financial risk management objectives and policies.

The lease liabilities amounting to $4,369,542 (2024: $5,438,530) has been discounted using an incremental borrowing rate of 5.58% per annum, with the maturity profile disclosed in note 21.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Bank expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Bank has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the incremental borrowing rate. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 14. Intangible assets

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Software - at cost	2,385	2,147	2,385	2,147
Less: Accumulated amortisation	(2,155)	(2,122)	(2,155)	(2,122)
	230	25	230	25

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated and Parent	Software $'000
Balance at 1 July 2023	50
Additions	-
Amortisation expense	(25)
Balance at 30 June 2024	25
Additions	237
Amortisation expense	(32)
Balance at 30 June 2025	230

Accounting policy for intangible assets

Intangible assets acquired are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Computer software
Significant costs associated with computer software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

Accounting policy for SaaS arrangements
Software as a Service ('SaaS') arrangements are service contracts providing the Bank with the right to access the cloud provider's application software over the contract period. As such the Bank does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	• Fee for use of application software
Recognise as an operating expense as the service is received	• Configuration costs • Data conversion and migration costs • Testing costs • Training costs • Customisation costs

Determination whether configuration and customisation services are distinct from the SaaS access
Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application.

Capitalisation of configuration and customisation costs in SaaS arrangements
In implementing SaaS arrangements, the Bank has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 Intangible Assets.

The Bank did not recognise intangible assets in 2025 and 2024 in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Note 15. Deferred tax assets

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Net Deferred tax asset comprises temporary differences attributable to:				
Amounts recognised in profit or loss or other comprehensive income:				
Accrued expenses not deductible until incurred	86	85	86	85
Provisions for impairment on loans	103	159	103	159
Provisions for employee benefits	424	459	424	459
Depreciation on fixed assets and intangible assets	96	90	96	90
Arising from changes in fair value of cash flow hedges	37	4	37	4
Right of use assets	(1,135)	(1,513)	(1,135)	(1,513)
Lease liability	1,233	1,558	1,233	1,558
Provision for lease	78	74	78	74
Borrowing cost	-	4	-	4
Loan Origination Cost	-	(661)	-	(661)
Net Deferred tax asset	922	259	922	259
Movements:				
Opening balance	259	524	259	524
Charged to profit or loss (note 5)	(33)	(636)	(33)	(636)
Charged to equity (Note 19)	35	371	35	371
Over provision of prior period deferred tax	661	-	661	-
Closing balance	922	259	922	259

Refer to note 5 for deferred tax accounting policy.

Note 16. Borrowings from financial and other institutions

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Borrowings - Term Subordinated Debt	15,000	15,000	15,000	15,000
	15,000	15,000	15,000	15,000

As at 30 June 2025, borrowings consisted of Term Subordinated Debt from financial and other institutions.

The Term Subordinated Debt has a fixed term of 10 years maturing on 29 October 2030, with an optional redemption date after 5 years subject to regulatory approvals. Interest rate as at 30 June 2025 is 7.64% (2024: 8.16%). There were no defaults on interest payments on this liability in the current year. The borrowing is unsecured.

Accounting policy for borrowings
All borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Note 17. Deposits

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Deposits - at call	808,697	760,786	808,697	760,786
Deposits – term	903,108	800,560	903,108	800,560
Deposits from ADIs	291,517	242,352	291,517	242,352
Members withdrawable shares	48	68	48	68
	2,003,370	1,803,766	2,003,370	1,803,766

There were no defaults on interest and capital payments on these liabilities in the current or prior year.

Maturity profile of deposits are disclosed in note 21.

From December 2021, new member shares are fully paid at $0.01 each (prior to that $2 each). Members are entitled to vote at the Annual General Meeting ('AGM') and share the remaining net assets of the Company in the event of winding up. The shares are redeemable or transferable if the members leave the Company. As a mutual bank, no dividend is payable on these shares.

Accounting policy for deposits
Deposits are initially recognised at fair value. After initial recognition deposits are subsequently measured at amortised cost using the effective interest rate method.

Note 18. Creditors, accruals and other liabilities

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Creditors and accruals	1,767	1,677	1,767	1,677
Interest payable on financial liabilities	19,454	19,408	19,454	19,408
Derivative liability	125	9	125	9
Sundry creditors and settlement accounts	2,375	6,156	2,375	6,156
	23,721	27,250	23,721	27,250

Refer to note 21 for further information on financial risk management objectives and policies.

Accounting policy for creditors
Creditors represent liabilities for goods and services provided to the Bank prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Derivative financial instruments and hedge accounting
Derivative financial instruments are designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness of the gain or loss on the hedging instrument is recognised in profit or loss. At the time the hedged item is reflected in profit or loss, any gain or loss from the hedging instrument previously recognised in other comprehensive income is reclassified from equity to profit or loss in the same line of the statement of comprehensive income as the recognised hedged item.

Note 19. Reserves

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Cash flow hedge reserve	(87)	(5)	(87)	(5)
	(87)	(5)	(87)	(5)

Cash flow hedge reserve
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

The movements in the cash flow hedge reserve during the current and previous financial year are set out below:

Consolidated and Parent	**Cash flow hedge reserve $'000**
Balance at 30 June 2023	844
Loss on cash flow hedges taken on equity terms	(1,220)
Deferred Tax	371
Balance at 30 June 2024	(5)
Loss on cash flow hedges taken on equity terms	(115)
Deferred tax	33
Balance at 30 June 2025	(87)

Note 20. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Financial risk management objectives and policies

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Bank. The Bank's risk management focuses on the major areas such as strategic risk, credit risk, capital risk, liquidity risk, market risk and operational risk. Authority flows from the Board of Directors to the three Board Committees which are integral to the management of risk. The main elements of risk governance are as follows:

Board
This is the primary governing body, which is ultimately responsible for the Bank's leadership, its strategic direction and for its sound and prudent management. It approves the level of risk which the Bank is exposed to and the framework for reporting and mitigating those risks.

Risk Committee
The Risk Committee has responsibility for assisting the Board to meet its responsibilities on a range of matters relating to the Bank's risk appetite and risk and compliance management, including the Bank's risk culture.

Audit Committee
The Audit Committee has responsibility for assisting the Board to meet its responsibilities on a range of matters relating to the quality and integrity of the Bank's financial information and reporting, the external and internal audit functions and whistleblowing procedures.

Environmental, Social, Governance & Remuneration Committee
The Environmental, Social, Governance & Remuneration Committee has responsibility for assisting the Board to meet its responsibilities on a range of matters relating to Environmental, Social and Governance ('ESG') considerations, sustainability, remuneration, culture, Director independence, diversity and inclusion and work health and safety.

Asset and Liability Committee ('ALCO')
This committee of senior management meets at least monthly and has responsibility for monitoring the Bank's liquidity, interest rate and capital risk exposures and, in particular, ensuring such exposures adhere to and remain within, the relevant risk limits/risk appetite as articulated in the corresponding Board approved policy.

Credit risk
The Board determines the credit risk of loans in the banking book, ensures provisioning is reasonable and determine controls that need to be put in place regarding the authorisation of new loans.

The Chief Risk Officer has the responsibility for ensuring Board and management's approved credit risk policies are monitored and reported in line with approved risk appetites. Details concerning a prospective borrower are subject to a criteria-based decision-making process. Criteria used for this assessment include credit references, loan-to-value ratio on security and borrower's capacity to repay which vary according to the value of the loan or facility.

Arrears are reported and monitored and there are dedicated collection resources to assist with recovery of arrears. Provisions are reported and monitored regularly.

Chief Risk Officer
The Chief Risk Officer is responsible for assisting the Board, Board Risk Committee and Executives to develop and maintain the risk management framework.

Internal audit
Internal audit has responsibility for implementing the controls testing and assessment as required by the Audit Committee.

The following represents a list of key risk management policies that form part of the overall risk management framework:

- Risk management framework and strategy;
- Risk appetite statement;
- Large exposures risk management policy;
- Credit risk management policy;
- Liquidity risk management framework;
- Liquidity contingency plan;
- Interest rate risk management policy;
- Internal capital adequacy assessment process;
- Capital contingency plan
- Business continuity management policy;
- Information security policy;
- Fraud policy;
- Anti money laundering and counter terrorism finance policy;
- Code of Conduct policy;
- Privacy policy
- Governance risk management policy; and
- Compliance framework and plan.

The Bank has undertaken the following strategies to minimise the risks arising from financial instruments:

Interest rate risk
The objective of the Bank's interest rate risk management is to manage and control interest rate risk exposures in order to reduce risk and optimise return. The Bank is exposed to interest rate risk in the banking book, which primarily arises from members' loans and deposits, investments and interest rate swaps. The Bank does not participate in foreign currency or commodity transactions, nor does it operate a trading book. The Bank is therefore not exposed to foreign exchange risk or other market price risk. The management of interest rate risk is the responsibility of the ALCO, with minutes of their meetings reported to the Board.

Fair value interest rate risk
Fair value interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Bank is only exposed to changes in interest rates.

Cash flow interest rate risk
Cash flow interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Positions are monitored on a monthly basis and may be managed using interest rate swaps.

Interest rate risk in the banking book and hedging
The Bank is exposed to cash flow interest rate risk in its banking book due to mismatches between the repricing dates of assets and liabilities. In the banking book the most common risk the Bank faces arises from fixed rate assets and liabilities. This exposes the Bank to the risk of sensitivity should interest rates change. Interest rate swaps may be used to mitigate this risk.

Method of measuring risk: Earnings at Risk
The Bank measures its interest rate risk by the use of an Earnings at Risk model. Earnings at Risk is a stress test that estimates the change in the Bank's forecasted net interest income over the next 12 months, given a parallel downwards or upwards shift of 100 basis points across the model's forecasted yield curve. It estimates the impact on future net interest income in the event of severe but plausible worst case stress scenarios. It is measured as a percentage of the base case forecasted net interest income. It focuses on the short-term volatility of the net interest income.

	2025	2024
Earnings at Risk – 100 basis points downward stress	(2.98%)	(2.65%)
Earnings at Risk – 100 basis points upward stress	3.52%	2.95%

As at the reporting date, the Bank had the following interest rate swap contracts outstanding:

	30 June 2025		30 June 2024	
Consolidated and Parent	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Interest rate swaps (notional principal amount)	4.37	5,000	4.37	5,000

Credit risk
Credit risk is the risk that members, financial institutions and other counterparties will be unable to meet their obligations to the Bank which may result in financial loss. Credit risk arises principally from the Bank's loan book and investment assets.

i. Credit risk - member loans
The analysis of the Bank's loans by class is as follows:

Consolidated and parent	2025 Gross Carrying Value $'000	 Commitments $'000	 Maximum exposure $'000
Loan type			
Mortgages	1,748,003	221,868	1,969,871
Personal	36,724	1,571	38,295
Credit cards and overdrafts	8,331	14,868	23,199
Total loans	**1,793,058**	**238,307**	**2,031,365**

Consolidated and parent	2024 Gross Carrying Value $'000	 Commitments $'000	 Maximum exposure $'000
Loan type			
Mortgages	1,572,410	173,918	1,746,328
Personal	38,330	2,800	41,130
Credit cards and overdrafts	9,823	15,189	25,012
Total loans	**1,620,563**	**191,907**	**1,812,470**

Maximum exposure is the gross carrying value plus the undrawn facilities (loans approved not advanced, redraw facilities, line of credit facilities, overdraft facilities, credit cards limits). The details are shown in note 23. All loans and facilities are within Australia. The geographic distribution is analysed into significant areas within Australia.

The method of managing credit risk is by way of adherence to the credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are assessed as credit worthy (capable of meeting loan repayments).

The Bank has established policies over the:

- credit assessment and approval of loans and facilities covering acceptable risk assessment, responsible lending regulations and security requirements;
- limits of acceptable exposure to individual borrowers, non-mortgage secured loans, commercial lending (if any) and concentrations to geographic and industry groups considered at high risk of default;
- reassessing and review of the credit exposures on loans and facilities;
- establishing appropriate provisions to recognise the impairment of loans and facilities;
- debt recovery procedures; and
- regular review of compliance with the above policies is conducted as part of the internal audit scope.

Past due and impaired
A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with the Bank that requires interest and a portion of the principal to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Once the past due exceeds 90 days the loan could be regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Regular reporting is in place to monitor the loan repayments to detect delays in repayments. For loans where repayments are doubtful, external consultants can be engaged to conduct recovery action. The exposures to losses arise predominantly with loans and facilities not secured by registered mortgage over real estate. The provisions for impaired exposures relate to the loans to members and other financial assets. Details are set out in note 10.

Collateral securing loans
A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Bank could be exposed should the property market be subject to a significant decline. The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. Note 9 describes the nature and extent of the security held against the loans held as at the reporting date.

Concentration risk - individuals
Concentration risk is a measurement of the Bank's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Bank's regulatory capital a large exposure is considered to exist. No additional capital is required to be held against these, but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark, to be higher than acceptable.

The Bank holds no significant concentrations of large exposures to loans to members. Concentration exposures to investment counter parties are closely monitored. Loans over 80% LVR may require Government guarantees, Lenders Mortgage Insurance or higher levels of delegated authority to be approved to protect the Bank from adverse movements in the housing market values and defaults.

Concentration risk - industry
The Bank has a concentration in the retail lending for members who comprise employees and family in the Defence industry. This concentration is considered acceptable on the basis that the Bank was formed to service these members and the employment concentration is not exclusive. Should members leave the industry the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans. The Bank has seen a positive increase over the last financial year in volumes of loan applications and loan fundings.

ii. Credit risk - liquid investments
Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Bank incurring a financial loss. This occurs when a debtor fails to settle their obligations owing to the Bank. According to the Liquidity Risk Management Framework, the Bank's liquid investments are only made to institutions that are credit worthy based on the assessment of independent credit rating agencies. The risk of losses from liquid investments is reduced by the nature and quality of the financial institutions and limits to the concentration and amount of individual investments with an institution. The exposure values associated with credit quality (Moody's rating or equivalent) are as follows:

		2025	
Consolidated and parent	**Carrying Value $'000**	**Past due value $'000**	**Provision $'000**
Investments with:			
Government bonds - rated AA to AA+	84,222	-	-
Cuscal - rated A-1+	15,140	-	-
Banks - rated Aa3 to Baa2	211,896	-	11
Total	311,258	-	11

		2024	
Consolidated and parent	**Carrying Value $'000**	**Past due value $'000**	**Provision $'000**
Investments with:			
Government bonds - rated AA to AA+	83,539	-	-
Cuscal - rated A-1+	15,140	-	1
Banks - rated Aa3 to Baa2	177,941	-	49
Total	276,620	-	50

Liquidity risk
Liquidity risk is the risk that the Bank may encounter difficulties in raising funds to meet commitments associated with financial instruments e.g. borrowing repayments or member withdrawal demands. It is the policy of the Board of Directors that treasury maintains adequate cash reserves and credit facilities so as to meet the member withdrawal demands when requested. The Bank manages liquidity risk by:

- continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- monitoring the maturity profiles of financial assets and liabilities;
- maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- monitoring the prudential liquidity ratio daily.

The Bank's policy is to operate with over 15% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this range, management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits, borrowing facilities or contingency funding available. The borrowing facilities as at the reporting date are described in notes 24 and 25.

Maturity profile of liabilities
Monetary assets and liabilities have differing maturity profiles depending on the contractual cashflows and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary liabilities held will mature and be eligible for renegotiation or withdrawal. Financial liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly, these values will not agree to the statement of financial position.

				2025				
Consolidated and parent	**Book Value $'000**	**On Demand $'000**	**Up to 3 months $'000**	**3 - 12 months $'000**	**1 - 5 years $'000**	**After 5 years $'000**	**No Maturity $'000**	**Total $'000**
Liabilities								
Borrowings from financial and other institutions	15,000	-	-	-	15,000	-	-	15,000
Deposits from ADIs	291,517	111,705	154,403	25,427	-	-	-	291,535
Deposits and shares from members - at call	808,745	808,697	-	-	-	-	48	808,745
Deposits - term	903,108	116,726	286,062	416,722	102,103	-	-	921,613
Interest payable on financial liabilities	19,454	19,454	-	-	-	-	-	19,454
Derivative liability	125	-	125	-	-	-	-	125
Lease liabilities	4,370	-	351	1,055	3,369	-	-	4,775
Total Financial Liabilities	**2,042,319**	**1,056,582**	**440,941**	**443,204**	**120,472**	**-**	**48**	**2,061,247**

				2024				
Consolidated and parent	**Book Value $'000**	**On Demand $'000**	**Up to 3 months $'000**	**3 - 12 months $'000**	**1 - 5 years $'000**	**After 5 years $'000**	**No Maturity $'000**	**Total $'000**
Liabilities								
Borrowings from financial and other institutions	15,000	-	-	-		15,000	-	15,000
Deposits from ADIs	242,352	79,320	154,217	8,840	-	-	-	242,377
Deposits and shares from members - at call	760,854	760,786	-	-	-	-	68	760,854
Deposits - term	800,560	111,578	168,717	428,936	111,734	-	-	820,965
Interest payable on financial liabilities	19,408	19,408	-	-	-	-	-	19,408
Derivative liability	9	-	9	-	-	-	-	9
Lease liabilities	5,439	-	333	999	4,758	-	-	6,090
Total Financial Liabilities	**1,843,622**	**971,092**	**323,276**	**438,775**	**116,492**	**15,000**	**68**	**1,864,703**

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss.

The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage these risks to within tolerable limits. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff training and assessment processes and the use of an independent Internal Audit. The Bank continues to operate without any major disruption.

Fair value of financial instruments
The fair values of financial assets and liabilities, together with their amounts in the statement of financial position or notes, for the Bank are as follows:

Consolidated and Parent	30 June 2025 Carrying amount $'000	30 June 2025 Fair value $'000	30 June 2024 Carrying amount $'000	30 June 2024 Fair value $'000
Financial assets				
Cash and cash equivalents*	35,520	35,520	41,132	41,132
Other financial assets	311,259	312,383	276,642	278,039
Interest receivable on loans and other financial assets *	5,674	5,674	5,399	5,399
Loans to members	1,796,291	1,795,545	1,623,079	1,620,306
Other loans*	715	715	1,173	1,173
	2,149,459	2,149,837	1,947,425	1,946,049
Financial liabilities				
Borrowings	15,000	15,000	15,000	15,000
Deposits from ADIs	291,517	291,517	242,352	242,352
Deposits and shares from members – at call*	808,745	808,745	760,854	760,854
Deposits – term	903,108	907,870	800,560	802,490
Interest payable on financial liabilities*	19,454	19,454	19,408	19,408
Derivative liability	125	125	9	9
Lease liabilities	4,370	4,370	5,439	5,439
	2,042,319	2,047,081	1,843,622	1,845,552

* For these assets and liabilities, the carrying value approximates fair value due to their short-term tenor.

Assets where the fair value is lower than the book value have not been written down in the financial statements on the basis that they are to be held to maturity, or in the case of loans, all amounts due are expected to be recovered in full. The fair value estimates were determined by the following methodologies and assumptions:

Liquid assets and receivables from other financial institutions
The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 12 months approximate their fair value as they are short term in nature or are receivable on demand. The fair values of receivables due from other financial institutions redeemable after 12 months is calculated by utilising discounted cash flow models (i.e. the net present value of future cash flows).

Loans to members
The carrying value of loans and advances is net of unearned income and allowance for credit losses. For variable rate loans, (excluding impaired loans) the amount shown in the balance sheet is considered to be a reasonable estimate of fair value. The fair value for fixed rate loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the period to maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term of the portfolio. The fair value of impaired loans was calculated by

discounting expected cash flows using a rate which includes a premium for the uncertainty of the cash flows.

Deposits
The fair value of call and variable rate deposits and fixed rate deposits repricing within 12 months, is the amount shown in the statement of financial position. Discounted cash flows were used to calculate the fair value of other term deposits, based upon the deposit type and the rate applicable to its related maturity.

Borrowings
The carrying value of payables due to other financial institutions approximate their fair value as they are shorter term in nature and/or reprice frequently.

Capital management
APRA has set minimum regulatory capital requirements for the Bank that are consistent with the Basel capital adequacy framework. The Bank's capital structure comprises various forms of capital. Common Equity Tier 1 ('CET1') capital comprises retained earnings plus certain other items recognised as capital. The ratio of such capital to risk-weighted assets is called the CET1 ratio. Additional Tier 1 capital (if any) comprises certain securities with required loss absorbing characteristics. Together these components of capital make up Tier 1 capital and the ratio of such capital to risk-weighted assets is called Tier 1 capital ratio. Tier 2 capital comprises of term subordinated debt, which contribute to the overall capital framework.

CET1 capital contains the highest quality and most loss absorbent component of capital, followed by Additional Tier 1 capital and then followed by Tier 2 capital. The sum of Tier 1 capital and Tier 2 capital is called Total Capital. The ratio of Total Capital to risk-weighted assets is called the Total Capital Ratio. APRA sets the minimum CET1 ratio, Tier 1 capital ratio and Total capital ratio under APRA's Basel capital adequacy Prudential Standards.

In addition to the minimum capital base ratios described above, APRA sets a Prudential Capital Ratio at a level proportional to an ADI's overall risk profile. A breach of the required ratios under the prudential standards may trigger legally enforceable directions by APRA, which can include a direction to raise additional capital or cease business.

APRA also sets a capital conservation buffer of up to 2.5% of an ADI's total risk-weighted assets, as well as a counter cyclical buffer for all ADIs. Capital ratios are monitored against internal capital targets set by the Board that are over and above APRA's minimum capital requirements. As at 30 June 2025 and 30 June 2024, the Bank's capital ratio complied with its required Prudential Capital Ratio and internal capital targets.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the Bank's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3:	Unobservable inputs for the asset or liability

Consolidated - 30 June 2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Equity Investments (note 7)	1	-	-	1
Total assets	1	-	-	1
Liabilities				
Derivative liability (note 18)	-	125	-	125
Total liabilities	-	125	-	125

Consolidated - 30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Equity Investments (note 7)	-	-	22	22
Total assets	-	-	22	22
Liabilities				
Derivative liability (note 18)	-	9	-	9
Total liabilities	-	9	-	9

During the year, $1,000 worth of equity investments were transferred from level 3 to level 1. The fair values disclosed in note 21 related to financial assets measured at amortised cost, were derived using level 3 inputs.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model.

Level 3 assets and liabilities
There was no movement in Level 3 fair value hierarchy during the year.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 23. Commitments

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000	Parent 30 June 2025 $'000	Parent 30 June 2024 $'000
Outstanding loan commitments				
The loans approved but not funded	29,680	18,613	29,680	18,613
Loan redraw facilities				
The loan redraw facilities available	193,759	158,105	193,759	158,105
Undrawn loan facilities				
Loan facilities available to members for overdrafts, credit cards and line of credit loans are as follows:				
Total value of facilities approved	24,002	25,518	24,002	25,518
Less: Amount advanced	(9,134)	(10,329)	(9,134)	(10,329)
Net undrawn value	14,868	15,189	14,868	15,189
These commitments are contingent on members maintaining credit standards and ongoing repayment terms on amounts drawn.				
Total financial commitments	238,307	191,907	238,307	191,907

Note 24. Standby borrowing and other facilities

The Bank has a number of standby facilities.

Consolidated and parent – 2025	Facility limited $'000	Utilised $'000	Net available $'000
Overdraft facility – Cuscal	3,000	-	3,000
Other facility – Bendigo and Adelaide Bank	50,000	4,073	45,927
Total standby facilities	53,000	4,073	48,927

Consolidated and parent – 2024	Facility limit $'000	Utilised $'000	Net available $'000
Overdraft facility – Cuscal	3,000	-	3,000
Other facility – Bendigo and Adelaide Bank	50,000	5,148	44,852
Total standby facilities	53,000	5,148	47,852

Withdrawal of the overdraft facility is subject to the availability of funds at Cuscal. Cuscal holds a deposit from the Bank as security against overdraft amounts drawn under the facility arrangement.

The Bank has a facility with Bendigo and Adelaide Bank to sell qualifying mortgage loans either individually at origination or by way of a portfolio sale.

Note 25. Securitisation vehicle

The Bank enters into transactions by which it transfers financial assets which are eligible mortgages to a special purpose entity, Artemis Trust, for the sole purpose of repurchase with the Reserve Bank of Australia under its liquidity management policy. Financial assets do not qualify for derecognition. The following table sets out the carrying amount of financial assets that did not qualify for derecognition and their associated liabilities. Where relevant, the table also sets out the net position of the value of financial assets where the counterparty to the associated liabilities has recourse only to the transferred assets.

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Carrying amount of transferred assets	-	-	331,800	331,800
Carrying amount of associated liabilities	-	-	(331,800)	(331,800)
Net position	-	-	-	-
The parent holds all the notes issued by Artemis Trust.				
For those liabilities that have recourse only to the transferred assets				
Fair value of transferred assets	-	-	331,800	331,800
Fair value of associated liabilities	-	-	(331,800)	(331,800)
Net position	-	-	-	-

Accounting policy for securitisation vehicle
Certain securitisation vehicles sponsored by the Bank under its securitisation programme are run according to predetermined criteria that are part of the initial design of the vehicles. In addition, the Bank is exposed to variability of returns from the vehicles through its holding of income units in the vehicles.

Outside the day-to-day servicing of the housing loans (which is carried out by the Bank under a servicing contract), key decisions are usually required only when housing loans in the vehicles go into default. Therefore, in considering whether it has control, the Bank considers whether it manages the key decisions that most significantly affect these vehicles' returns. As a result, the Bank has concluded that it controls these vehicles.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel ('KMP') of the Bank is set out below:

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Short-term employee benefits	2,143,853	1,847,647	2,143,853	1,847,647
Post-employment benefits	155,107	142,386	155,107	142,386
Long-term benefits	7,245	9,770	7,245	9,770
	2,306,205	1,999,803	2,306,205	1,999,803

Key Management Personnel disclosed above comprise all members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Chief Risk Officer. Included within compensation at 30 June 2025 is $320,455 (2024: $245,142) paid to member-elected directors.

In the above table, remuneration shown as short-term benefits means (where applicable) salaries, director fees, paid annual leave, paid sick leave, bonuses and value of fringe benefits received, but excludes out of pocket expense reimbursements. Post-employment benefits include paid superannuation. Long-term benefits include long service leave provision movements.

Loans to KMP
The Bank's policy for lending to Directors and management is that all loans are approved and deposits accepted on the same terms and conditions which applied to members for each class of loan or deposit. For the current and comparative years, there was no interest or revenue earned from KMP.

Other transactions between related parties include deposits from Directors and other KMP:

	2025 **$**	**2024** **$**
Total value term and savings deposits from KMP	138,261	108,656
Total interest paid on deposits to KMP	6,648	770

The Bank's policy for receiving deposits from KMP is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit.

Transactions with other related parties
Other transactions between related parties include deposits from Director related entities or close family members of Directors and other KMP.

The Bank's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit.

There are no benefits paid or payable to the close family members of the KMP.

There are no service contracts to which KMP or their close family members are an interested party.

Accounting policy for employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

	Consolidated		Parent	
	30 June 2025 $'000	30 June 2024 $'000	30 June 2025 $'000	30 June 2024 $'000
Audit services - KPMG				
Audit of the financial statements	132,817	126,491	132,817	126,491
Assurance services - KPMG				
Regulatory assurance services	101,176	93,977	101,176	93,977
Other assurance services	15,590	14,848	15,590	14,848
Other services - KPMG				
Taxation	16,200	15,750	16,200	15,750
Corporate advisory	-	15,343	-	15,343
	16,200	31,093	16,200	31,093
	265,783	266,409	265,783	266,409

Note 28. Changes in liabilities arising from financing activities

Consolidated and Parent	Borrowings from financial institutions $'000	Derivatives $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2023	39,234	-	6,148	45,382
Net cash used in financing activities	(24,234)	9	(1,261)	(25,486)
Others	-	-	552	552
Balance at 30 June 2024	15,000	9	5,439	20,448
Net cash used in financing activities	-	116	(1,333)	(1,217)
Others	-	-	264	264
Balance at 30 June 2025	15,000	125	4,370	19,495

Note 29. Contingent liabilities

There are no contingent liabilities as at 30 June 2025 and 30 June 2024.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Bank's operations, the results of those operations, or the Bank's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards and the Corporations Regulations 2001;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's and the Bank's financial position as at 30 June 2025 and of their performance for the financial year ended on that date;
- the Consolidated entity disclosure statement as at 30 June 2025 set out on page 14 is true and correct; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Alan Bardwell
Chair

1 October 2025
Sydney

Sean Fitzgerald
Deputy Chair

1 October 2025
Sydney

KPMG

Independent Auditor's Report

To the Members of Australian Military Bank Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Australian Military Bank (the Company) and the ***Financial Report*** of the Bank.

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Company and the Bank's financial position as at 30 June 2025 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 ***Financial Reports*** of the Company and the Bank comprises:

- Statements of financial position as at 30 June 2025;
- Statements of profit or loss and other 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 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Bank*** consists of 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 Report* section of our report.

We are independent of the Company and the Bank in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Other Information

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report 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 Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company and the Bank, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company and the Bank, and that is free from material misstatement, whether due to fraud or error
- assessing the Company and the Bank'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 Company and the Bank or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Tom Elliot

Partner

Sydney

1 October 2025

Corporate directory

Directors

- Alan Bardwell - Chair
- Sean Fitzgerald - Deputy Chair
- Michael Crane DSC & BAR AM
- Jodie Hampshire
- Timothy Pike
- Francesca Rush
- Rebecca Tolhurst

Chief Executive Officer

- Darlene Mattiske-Wood

General Counsel & Company Secretary

- Nicholas Parkin

Website

www.australianmilitarybank.com.au

Registered Office

Level 1,
1 Bligh Street,
Sydney NSW 2000

Auditor

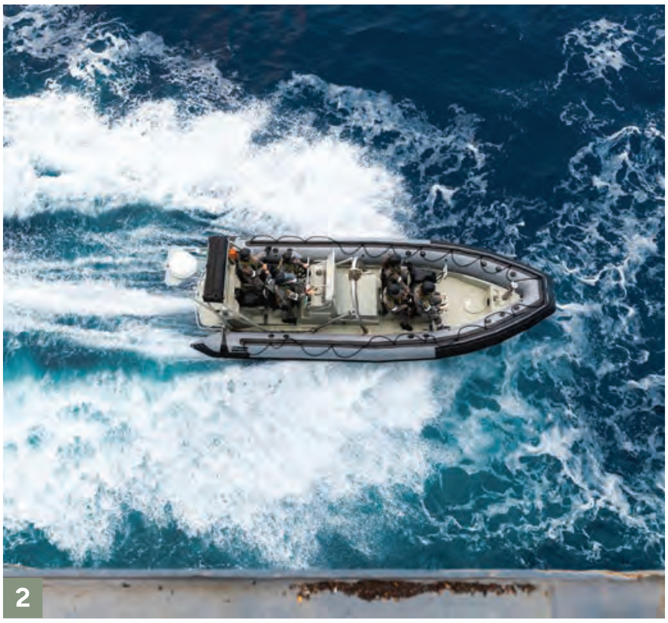
KPMG
Level 38, Tower Three,
International Towers Sydney,
300 Barangaroo Avenue,
Sydney NSW 2000

Defence Image Index

Source: Department of Defence

1

Compact loads restrained on the ramp of a U.S. C-130 Hercules aircraft prior to being dispatched to the drop zone during an interoperability activity.
Photographer: CPL Shannon Gordon



2

Members from HMAS Choules conduct boat drills in a rigid hull inflatable boat (RHIB) off the east coast of Australia.
Photographer: ABIS Lauren Pugsley

Australian Military Bank Ltd ABN 48 087 649 741 AFSL and Australian Credit Licence Number 237 988

Australian Military Bank