

TEACHERS MUTUAL
BANK LIMITED

Annual Report

2026



About Teachers Mutual Bank Limited

We are Teachers Mutual Bank Limited, one of Australia's largest member-owned banks.

Sixty years ago, our bank was created by a group of volunteers as a positive alternative to the major banks. Their innovation, tenacity and spirit provided the opportunity for members to achieve their financial goals. Six decades later, this hasn't changed.

Today, we have more than 850 employees who are committed to delivering exceptional services, competitive rates and supporting the industries that support us. We serve more than 280,000 members working across a range of industries including education, healthcare, emergency services, transport and government.

As a mutual bank, we are 100% owned by our members, meaning instead of profits being distributed to shareholders and investors through dividends, they are reinvested to benefit our members and their communities.

We are an authorised deposit-taking institution regulated under the Banking Act 1959 (Cth) and by government agencies such as the Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC) and Australian Transaction Reports and Analysis Centre (AUSTRAC).

As we have always done, we will keep evolving and adapting to help our members improve their financial wellbeing and ensure our bank remains strong and sustainable into the future.

**We are Teachers Mutual Bank Limited:
banking for good.**





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Teachers Mutual Bank Limited acknowledges the Traditional Custodians of Country through Australia and their continuing connection to land, water and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures, their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

FY26 performance highlights

as at 30 June 2026



\$28.9 million

Net profit after tax



\$14.5 billion

Total assets



18.93%

Capital adequacy ratio



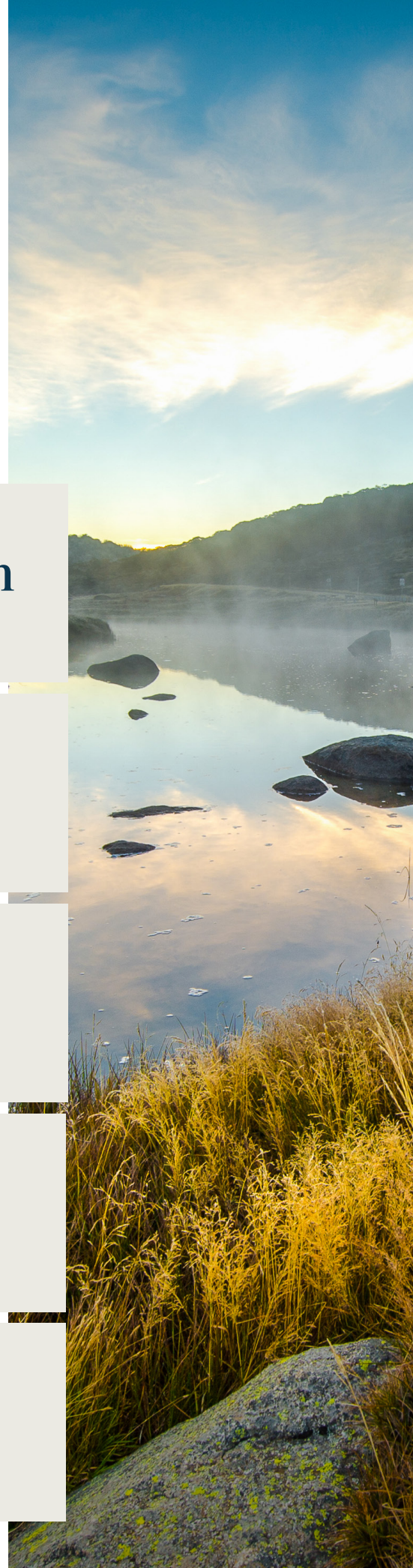
\$11.7 billion

Home loan portfolio



\$11.2 billion

Retail deposits



Easier banking

+35¹
Net promoter score¹

More than
280,000
total members and nearly
200,000 active members

Refreshed
our savings offer

Modernised and refreshed website experience for
four brands
to make it easier to access services

Helped **1,250**
members into
their first home

Member benefits

Reduced or
removed more than
30 fees
and charges across our
merged product range

Increased
Contact Centre
service hours

Increased branches
from seven to

13

Expanded
our product range

Modernised and upgraded
**three
branches**

Our people and culture

30%
of our people have been
with the bank for
**more than
10 years**

50%
of the executive team² and
67%
of the Board are women

Male primary carer
parental leave uptake
increased by
40%

Strengthened
our employee engagement
score to 72%

48%
of managers are women

Banking for good

Invested more than
\$1.1 million
in our communities
and professions

Engaged with
approximately
20,000
people through
conferences, graduations,
workplace visits, career
expos and industry events

Materially increased our
procurement spend with
Indigenous businesses to
\$1.6 million

10
Celebrated **10** years of partnership with Bell
Shakespeare's National Teacher Mentorship

Established new
partnerships with **ReLove**
and **Australian Literacy &
Numeracy Foundation**

1. Average Net Promoter Score for FY26 for Teachers Mutual Bank Limited, excluding Australian Mutual Bank Ltd.
2. Excluding CEO.

Message from the Chair and CEO

FY26 was a historic year for our bank. Over the past 12 months, we continued to make banking easier for members by investing in the products and services we offer while, importantly, strengthening the foundations of our bank. This continued progress against our modernisation strategy, together with our merger with Australian Mutual Bank Ltd, has made us an even stronger and more resilient bank, better positioned for growth in a highly competitive operating environment.

Creating an even stronger bank

Through our merger with Australian Mutual Bank Ltd on 1 May 2026, our membership grew from 220,000 members to more than 280,000 and our total assets increased to \$14.5 billion, providing our bank with greater scale to invest in what matters most to our members today and into the future.

We are proud to have already delivered a range of merger benefits, including the reduction or removal of more than 30 fees and charges across our merged product range, access to nearly double the number of branches, extended Contact Centre operating hours and an improved digital banking experience for members across all our brands.

Importantly, we've also delivered on our commitment to continue investing in our communities and professions by renewing existing relationships and establishing new community partnerships within our merged bank.

Improving your everyday banking experience

Making banking easier for our members is central to our strategy and over the past financial year, we invested to deliver enhanced services online and in person. We also expanded our product range to offer members more ways to save and manage their home loans.

During the year, our branch network expanded from seven branch locations and now offers all members access to 13 branch locations around the country following the merger with Australian Mutual Bank Ltd. As part of our ongoing branch strategy to ensure we offer our members a

We are now an even stronger and more resilient bank, better positioned for growth

contemporary and convenient branch experience, we have refreshed and modernised three branches during the past financial year.

An ongoing focus for our bank is helping protect our members against scams and fraud, and this year we invested in member protection measures while also enhancing our security and technology to improve the resilience of our bank. (See page 9 for more information.)

Business performance

During FY26, we delivered strong growth, amplified by our merger with Australian Mutual Bank Ltd, which increased the scale of the combined business. The merger has strengthened our capacity to invest in member services, digital capability, operational resilience, risk management and regulatory change while maintaining our member-owned purpose.

Total net profit after tax was \$28.9 million and our total assets grew 26% from \$11.5 billion to \$14.5 billion. Our capital adequacy ratio increased by 192 basis points to 18.93%, placing our bank in a strong position to continue investing in smarter, safer banking while delivering competitive products and services.

Retail deposits also grew from \$9.2 billion to \$11.2 billion, representing a 22% increase largely driven by our merger with Australian Mutual Bank Ltd. We remain well funded, with a stable retail deposit base and access to diversified wholesale funding markets.



▲ Pictured left to right: Andrew Kearnan (Chair) and Anthony Hughes (CEO).

Over the financial year, loans and advances to members increased by \$2.6 billion, or 27%, to \$11.9 billion, primarily reflecting an enlarged business following the merger and our above system lending growth. Credit quality remained sound, with arrears and loan losses managed within our risk appetite.

People and Board

As the scale of our operations grew through FY26, our team expanded to more than 850 people. To support this growth and the ongoing evolution of our bank, we have invested in our culture, leadership, workplace experience and technology to ensure our people are supported to deliver strong outcomes for our members.

The impact of these investments is reflected in our employee engagement survey results, which strengthened again during FY26 and now place us above the financial services median score. (See page 10 for more information.)

In May, our Board also expanded from seven to nine members as we welcomed experienced Australian Mutual Bank Ltd Directors, Fiona Bennett and Kristen Watts, to the Teachers Mutual Bank Limited Board. (See page 26 for more information.)

Strengthening the mutual sector

Banking for good extends beyond our own organisation. When the mutual sector succeeds, more Australians benefit from banking that puts people before profits.

This financial year, we continued supporting the broader customer-owned banking and mutual sector through

advocacy, collaboration and industry leadership. Our CEO Anthony Hughes joined the Customer Owned Banking Association (COBA) Board as a non-executive director in October 2025, and our bank again participated in COBA's Hike the Hill at Parliament House in Canberra. At this two-day event in November 2025, we joined 22 mutual banks to meet with senior government officials and members of parliament to showcase the value of the sector and advocate for a stronger, more competitive banking sector that delivers better outcomes for Australian communities.

60 years of banking for good

This year marks 60 years since we were founded by a group of volunteers whose tenacity and innovation offered teachers an alternative way to bank. As we look to the future, we know our bank will continue to evolve and transform as our sector continues to change. We also know that our connection to purpose and our focus on putting members first will always remain at the heart of our bank.

Thank you to our members for choosing to bank with us and thank you to our people and our partners for your ongoing support.

We're excited about the future and the opportunity to bring banking for good to more Australians.

Andrew Kearnan

Andrew Kearnan
Chair

Anthony Hughes

Anthony Hughes
CEO

Easy to bank with

Investing in your everyday banking experience

As a member-owned bank, helping our members achieve their financial goals is our highest priority. In FY26 and through our merger with Australian Mutual Bank Ltd, we welcomed more than 60,000 new members to the bank while continuing to make everyday banking easier, faster and more responsive to the needs of our growing membership.

From expanding and modernising our branch network to launching new savings, lending and insurance products, our focus this year remained on helping members improve their financial wellbeing while delivering enhancements to our services and the support we provide.

Investing in our branches and member service

We know easy access to banking services is important to many of our members. During FY26, we expanded and modernised our branch network, ensuring we continue delivering a contemporary and convenient banking experience.

Providing members with improved accessibility and modern facilities, we relocated our Homebush branch to Rhodes in November 2025, and our York Street branch to Barangaroo in April 2026.

Our merger with Australian Mutual Bank Ltd marked another important milestone with our branch network expanding from seven to 13 locations. In May 2026, banking services for members of all five retail brands became available across the entire network. As part of this expansion, cash services are available at eight branches, up from two previously.

In May 2026, we also reopened our Parramatta branch following a significant refurbishment designed to enhance the experience we offer to members.

These investments have been well received by members. Of all areas across our bank, our branch network achieved the highest Net Promoter Score, a widely recognised measure of how likely our customers are to recommend us to friends and colleagues.

Alongside our investment in branches, we continued to strengthen our Contact Centre capability. Over FY26, we expanded operating hours and continued to invest in our underlying technology, helping to reduce wait times and improve service levels.

In June 2026, we also refreshed the website experience for our Teachers Mutual Bank, Health Professionals Bank, Firefighters Mutual Bank and UniBank brands to make it easier for members to find information and access services online.

Offering members more ways to save

Recognising that our members have different savings goals and priorities depending on their life stage, we refreshed our savings account range during FY26.

In September 2025, we launched Momentum Saver, a new savings account designed to encourage positive saving habits by rewarding members with bonus interest on top of an ongoing base rate when monthly deposit and withdrawal conditions are met.



▲ Member Services Officer, K.

Helping members achieve home ownership remains one of the most meaningful ways we support our members

We also relaunched our youth savings account, extending eligibility to members up to the age of 30 and university students of any age. Renamed Starter Saver, the account offers our most competitive interest rate with no monthly deposit or withdrawal conditions, helping younger members build strong financial foundations and those continuing their education to get ahead.

During the financial year, we reviewed our Essential Saver account, increasing the interest rate offered to members, not only in line with changes to the official cash rate but also by an additional 0.50% per annum, making this a great flexible savings product with no deposit conditions attached.

Following the merger, our broader product range now also includes business savings accounts for Australian Mutual Bank members.

Helping members manage their home loans

Helping members achieve home ownership remains one of the most meaningful ways we support our members to realise their financial goals. During FY26, we helped more than 7,700 members purchase or refinance their homes. This included 1,250 first home buyers, 63% of whom accessed the Australian Government 5% Deposit Scheme to enter the property market sooner without needing to pay lenders mortgage insurance.

In July 2026, we will further strengthen our home ownership offering by joining the Australian Government Help to Buy Scheme panel, broadening the support available to eligible members seeking to purchase a home.

Against a backdrop of heightened global volatility, we continued to support members experiencing financial challenges by making it easier to access hardship assistance and receive personalised support aligned to their needs.

In May 2026, we introduced multiple offset accounts across our home loan products to help members reduce the interest paid on their loans while tailoring their banking arrangements to their needs.

While many Australians continued to face cost-of-living pressures during the year, the overall resilience of our home loan portfolio remained strong, with 35% of our home loan members more than six months ahead on their repayments as at 30 June 2026.



Member case study: How teacher Sophie achieved her property dream

For five years, NSW teacher Sophie, 27, and her electrician husband had been looking for a place to call home in the Lake Illawarra area.

With the help of a Teachers Mutual Bank savings account, they were able to successfully build their financial future, saving for their wedding, an overseas honeymoon, and most recently, their first home deposit.

According to Sophie, fellow teachers had highly recommended Teachers Mutual Bank due to competitive savings rates. Sophie then switched from her childhood bank, one of the big four, to Teachers Mutual Bank around four years ago.

“It was so incredibly rewarding seeing how much my savings grew every month,” she shared.

Through disciplined saving, the couple were ready to use the Government’s 5% Deposit Scheme to buy their first home and they soon found a home they loved in the area. Unfortunately, the lender they initially engaged repeatedly delayed their pre-approval. Without financing, Sophie and her husband had to withdraw their interest on the property.

When Sophie decided to submit an enquiry to Teachers Mutual Bank, mobile lender John Dockmagian contacted Sophie the next day and offered to visit the couple’s rental home in Cranebrook to help finalise the paperwork.

“We had John sitting in our living room within 48 hours. The service was incredible,” she said.

And in an unexpected twist, Sophie and her husband found out that the previous buyer of their desired property had pulled out. Their pre-approval was finalised just hours later, and they put in an offer that same night, thanks to John’s swift assistance.

By choosing Teachers Mutual Bank, the couple secured a more competitive interest rate than what they had initially explored with an alternative lender.

As a teacher, Sophie was also eligible for the First Home Buyer Essential Services benefit. This package waived all annual fees, which can often cost hundreds of dollars a year at other banks, and included an offset account at no extra cost.

“The level of care and value Teachers Mutual Bank provides proves exactly why they are so highly recommended by other essential workers.”

Sophie is thrilled to finally step onto the property ladder, thanks to John and the help of the broader team at Teachers Mutual Bank.

Providing certainty in changing market conditions

During FY26, the Reserve Bank of Australia (RBA) announced one decrease to the official cash rate, in August 2025, and three increases, in February, March and May 2026.

With each announcement, we moved quickly to provide clarity and certainty for members, communicating changes to variable home loan and savings rates on the same day as the RBA announcement. In each instance, we passed through the full change to our variable home loan and savings products, balancing the needs of borrowers and savers while continuing to offer competitive value.

Supporting members at home and abroad

In February 2026, we broadened our partnership with Allianz, introducing travel insurance to help members plan their trips with confidence and access support when travelling domestically or overseas.

As part of our merger commitment to take the best of both banks forward, we also introduced self-service international payments through Internet Banking in May. Members can now complete international payments of up to \$5,000 online, removing the need to visit a branch.

Delivering value for members was recognised at the *Money Magazine* Best of the Best Awards 2026

Delivering industry leading service and value

Our focus on meeting members' needs and delivering consistently high levels of service continued to be reflected in strong member advocacy and the external recognition we received during the year.

Throughout FY26, our Net Promoter Score strengthened year on year to an average of 35.³ Our strongest advocacy came from members who have banked with us for many years, reflecting the trust, personalised service, support, and enduring relationships that sit at the heart of our member-owned model.

In December 2025, our commitment to delivering value for members was recognised at the *Money Magazine* Best of the Best Awards 2026, where our products were acknowledged among Australia's leading customer-owned banking offerings.

Teachers Mutual Bank was named Gold Winner in the Best-Value Short-Term Term Deposits and Best-Value Personal Loans categories for customer-owned banks.

We were also recognised with a second-placed ranking for our children's savings account, fourth for our credit cards and fifth for our car loans in the customer-owned bank categories.

Strengthening protections against fraud and scams

Protecting our members from scams and fraud remains a key priority for our bank.

As scams and financial crime continue to grow in scale and sophistication, we have invested in new technologies, stronger controls and enhanced monitoring designed to help protect members' information and finances.

In November 2025, we introduced Confirmation of Payee across our Internet Banking and mobile banking applications. This industry-wide service is designed to help reduce the risk of scams and mistaken payments by checking the name of the person or business against the account details entered before funds are transferred, giving members greater confidence when making payments.

We also strengthened our fraud monitoring and detection capabilities through enhanced alerting, improved data analytics and expanded monitoring tools. These investments support faster identification of suspicious activity and improve our ability to respond to emerging fraud threats.

During the year, we also expanded our two-way SMS functionality for eligible held payments, enhancing the bank's fraud response capability and member experience. The new functionality allows members to respond directly to our bank via SMS to confirm genuine transactions, enabling faster resolution of held payments, reducing member effort and supporting a more seamless and secure banking experience.

Maintaining accurate member information is a key safeguard against financial crime. During the year, we contacted more than 100,000 members to review and confirm their personal details as part of our Know Your Customer (KYC) obligations under the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation. This activity strengthens our ability to detect and prevent financial crime while helping to protect our members and the broader financial system.

Alongside these member facing initiatives, we continue to invest in security and technology controls that help to identify and respond promptly to threats within our environment. These are supported by robust incident response plans that are tested regularly to ensure they remain current.

Together, these enhancements and initiatives help create a safer banking environment, strengthen our resilience against financial crime and reinforce our commitment to protecting our members.

3. Average Net Promoter Score for FY26 for Teachers Mutual Bank Limited, excluding Australian Mutual Bank Ltd.

Investing in our people, culture and systems

Our people are the heart of our bank. Their commitment, passion and care for our members are what sets us apart and enables us to deliver excellent service, every day. Over this past year, we have continued to invest in our culture, workplace experience and the systems and technology that support our teams do their best work.

Developing our leadership

During the financial year and through our merger with Australian Mutual Bank Ltd, our team grew to more than 850 people. To support our people and our leaders through this next phase of growth and evolution, we reviewed and updated the behaviours, capabilities and expectations required at each leadership level to enable a consistent experience for our people.

During the year, we also redesigned our leadership pathways to help leaders build the skills, behaviours and mindsets needed to succeed at each stage of their leadership journey.

Our Emerging Leader Program, which supports our young leaders, complements these pathways. It helps employees with leadership aspirations develop the skills, confidence and experience required for future roles, while also strengthening the bank's pipeline of future leaders.

The impact of these integrated initiatives was reflected in our annual engagement survey results, which showed leaders across the bank are demonstrating strong capability across all dimensions of leadership including risk management, continuous improvement, inclusivity and development support.

Our Young Professional Network further supports career development within our bank by providing early-career employees with opportunities to build capability, expand professional networks and connect with senior leaders across the bank.

Supporting equality and inclusion

We remain committed to fostering an inclusive workplace where all employees have the opportunity to grow, develop, and succeed.

We continued to support all employees through different life stages and personal circumstances. Male primary carer parental leave uptake increased by 40%, while 91% of employees returned to work following parental leave, reflecting the strength of our support programs and inclusive culture.

Helping to foster understanding, connection and inclusion is another key focus for our bank. Throughout the year, our people came together to recognise and celebrate a range of cultural and awareness events including National Reconciliation Week, Harmony Day, International Women's Day, Lunar New Year, Diwali and Wear it Purple Day.

At 30 June 2026, women represented 48% of managers, 50% of the executive team (excluding the CEO) and 67% of the Board.

Recognising our people

Recognising and celebrating the contributions of our people is an important part of our culture. Through formal recognition programs and service milestones, we acknowledge the individuals and teams who support our members, colleagues and communities every day.

The Shine Awards is our annual program celebrating our people who consistently live our values, support our members and strongly contribute to the success of our bank. Across team and individual award categories, we recognised more than 120 team members who went above and beyond to help our bank achieve success during the previous year.



▲ Contact Centre Service Officers, Lachlan and Manavi.

At 30 June 2026, 30% of our people had been with the bank for 10 or more years, reflecting the deep experience and commitment that exists across our workforce. This year, we introduced a new series of milestone morning teas to recognise long-serving employees as they reached significant service anniversaries. Hosted quarterly by the executive team, these events celebrate the contribution, ongoing dedication and lasting impact of employees marking milestones from 10 years of service onwards.

Modernising our workplace

In the past financial year, we continued to modernise the experience we offer to our people as well as our members.

As part of our ongoing property strategy, we relocated our Homebush branch to Rhodes in November and our head office to a fresh, new office space in Sydney's CBD in December 2025. Reflecting our commitment to sustainability and designed to promote collaboration, the new head office brings our teams together in a net zero, 6-Star Green Star Performance rated building.

As reflected in our 2026 employee engagement survey, our head office and branch relocations have contributed to a significant uplift in employee satisfaction with our physical work environment, strengthening our ability to attract strong talent in the industry.

In November, we upgraded our technology environment for all teams across the bank with the introduction of more contemporary collaboration tools. Building on these improvements, we further enhanced our employee toolkit with the introduction of Microsoft Copilot Chat in December. As a secure AI assistant, Copilot Chat provides smart support for everyday tasks to free our teams up for higher-value, member-focused work.

Strengthening employee engagement

Reflecting positive momentum across the bank, our employee engagement strengthened again during FY26 to 72%, placing us above the financial services median score. Our people reported strong collaboration within teams, positive relationships with their leaders and growing opportunities for career development. Employee feedback also highlighted growing confidence in the bank's approach to flexibility, wellbeing and support.

These insights continue to inform our people strategy and help ensure our people feel supported, connected and empowered to deliver strong outcomes for our members.

Investing in our professions and communities

Banking for good in action

As a member-owned bank, profit for purpose is how we operate. Instead of distributing profits to shareholders, we reinvest in initiatives that create value for our members, strengthen the professions we serve and make a positive difference in the communities where we operate.

In FY26, we invested more than \$1.1 million through scholarships, professional development opportunities, industry partnerships and community programs. We also continued our focus on furthering our commitment to sustainability and reconciliation.

Supporting our professions through scholarships and bursaries

Working with key partners, we provided financial support for pre-service teachers, nursing and midwifery students, allied health students and qualified healthcare professionals looking to further their careers.

At the University of Western Sydney, this included 12 awards for pre-service teachers, uniform endowments to 30 nursing students, and three bursaries for nursing and midwifery students. At the Australian Catholic University, we provided scholarships to a teaching student, a qualified nurse, an allied health student and a postgraduate allied healthcare student overcoming barriers to study.

“As a second-year midwifery student, the uniform bursary has been an incredible help in easing some of the financial pressure I’ve been facing. There are so many expenses that come with placement, including petrol, parking, and the constant need to update uniforms and supplies. Receiving this bursary has helped me cover the cost of my new uniforms, allowing me to check one major item off my financial burden list and focus more on my studies and clinical learning. I’m truly grateful for the support.”

Bachelor of Midwifery student, Isosa



▲ Teachers Mutual Bank Principal Scholarship 2025 recipient Hala Ramadan, Principal Wilton High School, NSW presenting at the Public Education Foundation's Proudly Public Awards about her experiences at Harvard in June 2026.

Supporting professional development in education

We also continued to support leadership development in the education sector, helping educators bring new ideas into their schools and communities.

In partnership with the Public Education Foundation, this year we once again supported a school principal to attend the Harvard Graduate School of Education for a one-week intensive leadership program through our Teachers Mutual Bank Principals Scholarship.

We also offered the opportunity for a Victorian mid-career teacher to design their own high-quality professional development opportunity through our Teachers Mutual Bank Victorian Mid-Career Scholarship.

In addition, we continued our support of the Premier's Teachers Mutual Bank Aboriginal Education Scholarship, which provides the opportunity for a teacher to deepen their knowledge and understanding of Aboriginal education and strengthen outcomes for Aboriginal and Torres Strait Islander students.

Recognising those who make a difference every day

Many of our members work in professions where small acts can have a lasting impact and our Take Five Initiative celebrates the everyday contributions of teachers, nurses and midwives. Grounded in the belief that colleagues are best placed to recognise the dedication, care and commitment shown by their peers each day, the Initiative provides a meaningful way to acknowledge those making a difference in classrooms and healthcare settings across Australia.

In October 2025 and coinciding with Worlds Teachers' Day, we launched the Take Five Initiative for teachers this financial year. This new program attracted more than 1,000 nominations, highlighting the value educators place on recognising their colleagues who make a difference every day.



▲ Australian Literacy & Numeracy Foundation's warehouse assistant, Eamonn packing boxes to be sent to schools.

Strengthening our communities

Our purpose of banking for good extends beyond banking. In FY26, we proudly continued our more than four-decade long partnership with Stewart House, helping provide respite, healthcare and wellbeing programs for 1,600 children each year. We also continued Australian Mutual Bank Ltd's more than 40-year partnership with Coogee Surf Life Saving Club, supporting volunteers who help keep our beaches safe.

In May, and delivering on our merger commitment, we formalised a three-year partnership with the Australian Mutuals Foundation–Cufa, enabling the Foundation to support programs that create positive social impact in Australia and Asia-Pacific region. This includes Barnardos Australia, the Association of Asian Confederation of Credit Unions and the Children's Financial Literacy Program.

In June 2026, we donated \$10,000 to Beat the Burn, a 12-month, multi-event fundraising campaign organised by Fire and Rescue NSW firefighters to provide specialist burns treatment, research and family support through the Burns Unit at The Children's Hospital at Westmead.

Employee impact days

As a purpose-led bank, we encourage our people to make a difference in the communities where they live and work. Through our Employee Impact Day program, our people can dedicate two days each year to volunteering with causes that are important to them.

From contributing to rescue and environmental projects to community support initiatives, our people dedicated more than 575 hours of volunteering in FY26. This included our Executive Impact Days, which bring employees and senior leaders together to volunteer with community organisations. Since July 2025, these events have supported Stewart House, OzHarvest and Eat Up, demonstrating our collective commitment to banking for good.

GoodCompany Award recognition

Reflecting the strength of our ongoing community and sustainability work, 2025 was the fifth year in a row that we made GoodCompany's list of Best Workplaces to Give Back, this time at number 23 on the list.

This award recognises the different ways our bank gives back through donations, volunteering, fundraising and other pro-social behaviours, and is only possible through the contribution of our people.

Supporting literacy in Australian schools

Also in May, we established a new \$100,000 partnership with the Australian Literacy & Numeracy Foundation (ALNF). Through the Breakfast Library program, ALNF brings together two essentials for learning: nutritious breakfasts and access to quality books and literacy resources.

By helping children arrive in class nourished, engaged and ready to learn, the Breakfast Library program supports improved literacy, language and learning outcomes, particularly in communities experiencing disadvantage. Delivered in partnership with local schools, the program is tailored to the needs of each community, helping create lasting educational opportunities for young Australians. Our employees will be able to support ALNF's work by volunteering at Breakfast Library schools and in ALNF's warehouse.

Transforming houses into homes with ReLove

In May, we established a new \$100,000 partnership with Australian charity ReLove, supporting women and children rebuilding their lives after being in crisis.

ReLove provides furniture and essential household items at no cost, helping turn safe housing into a place to call home. Through our partnership, an additional 300 women and children impacted by domestic and family violence will receive support as they settle into new homes and take important steps towards stability, independence and recovery.

Our employees will have opportunities to contribute directly through volunteering at ReLove's Free Store using their Employee Impact Days.



- ▲ CEO Anthony Hughes launching partnership with ALNF team.
- ▶ Chelsea, Ailene, and Joice participating in an employee impact day with ReLove.
- ▼ Amanda, Steven, and Haley participating in a Greenfleet employee impact day.





▲ Teachers taking part in the four-day intensive workshop at Bell Shakespeare.

A decade of partnership with Bell Shakespeare

This year also marked a decade of partnership with Bell Shakespeare's National Teacher Mentorship. Since 2016, Teachers Mutual Bank has supported Bell Shakespeare to provide professional development to 30 teachers each year.

Starting with a four-day intensive workshop, the year-long mentorship provides unique training for primary and secondary school teachers at Bell Shakespeare's headquarters in Sydney. Participating teachers learn to break down complex texts and, through immersive, performance-based techniques, bring them to life in the classroom. This approach makes Shakespeare's works accessible, relevant and engaging for all students, while empowering teachers with new skills and confidence.

Building on this longstanding commitment, we launched a new partnership with the School of Education at Western Sydney University in April. The program delivers immersive professional learning experiences through a series of creative performing arts productions, providing more than 700 educators and pre-service teachers with the opportunity to develop their skills and inspire student learning.

Listening to our members

Throughout FY26, we engaged with approximately 20,000 people through conferences, graduations, workplace visits, career expos and industry events across the education, healthcare and emergency services sectors. These connections help us better understand the needs of our members while supporting the industries they represent.

Our Advisory Committee

Our Advisory Committee continues to play an important role in ensuring we remain connected to the industries we serve. Representing education, healthcare and emergency services, committee members provide valuable insights into emerging challenges, industry trends and member needs, helping us shape products, services and initiatives that continue to deliver value for our professions and communities.

Our reconciliation journey

Throughout FY26, we continued to make meaningful progress on our reconciliation journey, taking deliberate steps to strengthen relationships, deepen engagement and support positive outcomes for First Nations peoples and communities.

Building cultural understanding across our bank remained a key focus throughout the year. In August 2025, we welcomed the Indigenous Literacy Foundation as a new community partner. Following our merger with Australian Mutual Bank Ltd in May, we marked this significant milestone with a special Welcome to Country led by Auntie Donna Ingram, a respected Aboriginal Cultural Representative. Our people also participated in National Reconciliation Week and NAIDOC Week activities, including the Reconciliation NSW breakfast, cultural learning sessions and guided walking tours of the Barangaroo precinct to learn more about the history and significance of the lands on which we work.

We also strengthened our engagement with Indigenous-owned businesses by embedding Indigenous procurement into our day-to-day business practices. As a result, we materially increased our engagement with Indigenous businesses with \$1.6 million invoiced during FY26.

We concluded the year by achieving another important milestone, submitting our Innovate Reconciliation Action Plan to Reconciliation Australia for endorsement.



Sustainable ways of working

Sustainability has been embedded in our operations for more than 10 years and continues to be a strategic focus for our bank.

In December 2025, we relocated our head office to 10 Shelley Street, Sydney, a building holding a 6-Star Green Star Performance certification, representing world leadership in sustainable building operations.

Following our merger, we are continuing Australian Mutual Bank Ltd's partnership with Greenfleet to support native reforestation projects that restore biodiversity and improve ecosystem resilience. In FY26, Australian Mutual Bank Ltd planted the equivalent of 720 trees on behalf of its members at Three Cedars on Bundjalung Country, west of Nimbin in New South Wales.

Electric vehicle commitment

Building on our FY23 commitment to invest \$2 million in transitioning our vehicle fleet to 100% electric by 2027, we continued to make strong progress during FY26.

At 30 June 2026, 22 of our fleet of 37 vehicles were electric and a further seven were hybrid vehicles, with the remaining petrol and diesel vehicles scheduled to be removed as part of the transition. To support the shift to electric vehicles, we also have 14 home charging stations available for use by our people.

Stronger together: Merger with Australian Mutual Bank Ltd

In March 2026, our members strongly voted in favour to bring together Teachers Mutual Bank Limited and Australian Mutual Bank Ltd. This support reflected a shared confidence that as a merged bank we could deliver greater value for members through increased scale, broader capabilities and increased investment in the products and services our members value.

On 1 May 2026, we completed the legal transfer, creating a stronger and more resilient bank. Since then, we have focused on delivering on our commitments made to members.

Delivering member benefits in our first two months as a merged bank

One of the key commitments of the merger was to deliver tangible benefits for members, and we moved quickly to bring the best of both banks together. In May 2026, members received the first of our merger benefits when we reduced or removed more than 30 fees and charges across our merged product range.

At the end of May, we integrated our core banking systems, and since then our members have had access to almost double the number of branch locations with all 13 locations available to all members across our brands. The expanded network has been welcomed by members, with increased branch visitation rates in June 2026.

We've created an even stronger, more resilient bank

In June 2026, we also extended our Contact Centre operating hours to 8am to 8pm (Monday to Friday), providing members with greater flexibility to access support and assistance outside traditional business hours.

Improving our members' digital experience

Alongside expanding our branch network and access to our Contact Centre, we continued to invest in the digital services that make banking easier, more convenient and more secure for members.

This included the introduction of new self-service capabilities across our brands, including self-service international payments and two-way SMS for eligible held payments. These enhancements help members manage their money more easily while offering members additional confidence and security while banking with us.

We've made great progress in delivering many immediate benefits of our merger to members. During FY27, we will continue to deliver on our commitments, including broadening our product range across our brands.



Strengthening our community impact as a merged bank

A key commitment of our merger was to continue investing in the professions, communities and causes that matter most to our members.

In May 2026, we entered into a new three-year agreement with Australian Mutuals Foundation-Cufa, continuing a long-standing commitment to supporting programs that promote financial inclusion, community development, and improved opportunities for disadvantaged communities in Australia and internationally. Through this partnership, we also continue to support the important work of Barnardos Australia.

In May, we also expanded the reach of our community impact with the launch of new community partnerships with ReLove and the Australian Literacy & Numeracy Foundation.

Building a stronger future together

Our merger was always about more than simply bringing two banks together. It was about building a stronger member-owned bank with greater capacity to invest in member services, our communities and the future.

The progress made during our few first months as a merged bank demonstrates the benefits of increased scale, shared values and a common purpose. Together, we are a stronger, more resilient bank that can continue delivering value for members and impact for communities for generations to come.

60 years of banking for good

Where purpose is built in, not bolted on

TEACHERS
MUTUAL
BANK
LIMITED



For 60 years, our people and members have helped shape our bank. As part of our anniversary celebrations this year, we engaged with our people to uncover the key moments and milestones from our history that make us proud.

The top 60 reasons from our 60-year history highlight what makes Teachers Mutual Bank Limited special and unique, including:

- Growing our assets from less than \$1,000 in 1967 to more than \$14.5 billion in 2026.
- Making banking more convenient with the introduction of drive-through tellers in 1984.
- Receiving more than 60 sustainability and ESG awards since 2014.
- Supporting our people to earn more than 900 qualifications over the last 15 years.
- Serving more than 31,000 members who have banked with us for 40+ years, including almost 3,000 who have been members for over half a century.

In September 2026, we proudly celebrate 60 years since a group of pioneering teachers came together to create a different kind of bank.

Their vision was simple but powerful: build a credit union that places people before profit and helps teachers achieve their financial goals. That belief became the origin story for our bank and our purpose: banking for good.

Six decades later, we are Teachers Mutual Bank Limited, and our membership now includes people working across a range of industries including education, healthcare, emergency services, transport and government. Yet our purpose remains the same. We continue to reinvest our profits to benefit members, we support the professions and communities we serve, we are committed to creating a positive impact through banking.

Today, as one of Australia's largest member-owned banks, we support more than 280,000 members across five retail brands. United by shared values and a common purpose, we are committed to helping members improve their financial wellbeing and to delivering banking for good.

For us, growth has never been about becoming bigger for its own sake. It has always been about creating greater value for members and increasing our capacity to make a positive difference for our members, people, community and the planet.



▲ Coralie Richmond OAM, member since 1970.

Leading with purpose

For more than a decade, we have been a leader in purpose-led banking. Guided by our purpose of banking for good, we have demonstrated that strong financial performance and positive social impact can go hand in hand.

For 60 years, our connection to communities has been shaped by the people we serve. Through long-standing partnerships and new initiatives alike, we continue to invest in programs that help Australians learn, grow and thrive through education, financial inclusion and ongoing support. These partnerships enable us to create positive impact beyond banking and bring our purpose of banking for good to life in practical and meaningful ways.

B Corp certification recognises businesses that consider the interests of members, employees, communities and the environment in the decisions they make. We are one of only 57 banks globally to hold B Corp certification, of which seven are Australian mutual banks, reflecting our commitment to high standards of social and environmental performance, accountability and transparency.

Where Good Meets Money

In our 60th year, we launched *Where Good Meets Money*, a new Teachers Mutual Bank brand platform that brings our purpose to life.

Launched in January 2026, the brand platform and supporting campaign celebrates teachers and the positive impact they have on Australian communities while demonstrating how member-owned banking creates a cycle of good. When teachers choose to bank with Teachers Mutual Bank, they help other teachers achieve their financial goals, creating stronger schools, stronger communities, and a stronger future.

Combining humour with authentic storytelling, the campaign has introduced a new generation of educators to our purpose and strengthened awareness of the Teachers Mutual Bank brand. During FY26, the campaign significantly strengthened Teachers Mutual Bank's brand awareness, making it the second most recognised banking brand among educators.

Risk excellence

Risk management underpins the safety, strength and sustainability of our bank. It enables us to manage uncertainty with confidence, protect our members and pursue opportunities that support our purpose of banking for good.

Our Risk Management Framework

Across the bank, risks are managed through our comprehensive Risk Management Framework (RMF), which aligns with regulatory requirements and better practice.

The RMF provides a structured approach to identifying, assessing and managing risk, helping protect our members, safeguard the strength of our bank and support delivery of our strategic objectives. Embedded in our operations and decision-making processes, the framework is built on six interconnected components that work together to create a robust risk management environment. These are bank strategy, the risk management strategy, the risk appetite statement, the three lines of defence model, risk culture and our bank's risk governance approach.

Our risk management framework enables us to balance risk and opportunity in a way that supports member outcomes while maintaining the safety and soundness that our members expect.

Risk culture is our strongest defence

Risk culture is our strongest defence against unexpected challenges. It influences how our people make decisions, manage risk and act in the best interests of members every day.

Guided by our values of passion, excellence, growth and sustainability, we encourage our people to proactively identify issues, challenge decisions when appropriate and take ownership of risk outcomes. Creating an environment where people feel confident to speak up remains a key focus of our approach.

In FY26, we further strengthened risk capability and culture across the bank through targeted initiatives and foundational training completed by 98.8% of all employees due to complete the training before 30 June 2026. This progress was reflected in our annual risk culture survey results, which showed up to 7% improvement against our 2025 results across all four pillars measured.

Our Member Outcomes and Risk Excellence Program continues to enhance our risk governance, practices and culture, with 85% of deliverables completed by 30 June.

Our Member Outcomes and Risk Excellence Program continues to enhance our risk governance, practices and culture, with 85% of deliverables completed by 30 June.

Risk management framework (RMF) key components

The RMF enables Teachers Mutual Bank Limited to appropriately develop and implement strategies, policies, procedures and controls to manage different types of material risks.



Bank Strategy sets out the approach for the implementation of our strategic objectives (business plan) and informs its material risks.



The Risk Management Strategy (RMS) establishes the approach to iteratively identifying, assessing and managing Material Risks within Board-approved risk appetite settings.



The Risk Appetite Statement (RAS) articulates which risks we will assume and which we will not in pursuit of our business aims, setting a boundary for risk-taking.



The “Three Lines of Defence” model (3LOD) is used to define risk management roles. This 3LOD model facilitates the effective operation of the Risk Management Framework by our people.



Risk culture is defined as the beliefs, values and behaviours within Teachers Mutual Bank Limited that determine how risks are identified, measured, governed, and acted upon.



Teachers Mutual Bank Limited's Risk Governance approach details the relationship between the Board, Board committees and senior management with respect to risk management.

Leadership



Anthony Hughes
Chief Executive Officer
BEc, CA, MAcc, MBA (Exec.), GAICD



Dan Chesterman
Chief Information Officer
B Com, MBT, GAICD



Erica Pickford
Chief Operations Officer
Cert 4 in Credit Risk Management, GAICD



Greg Johnson
Chief Customer Officer
MBA, BCom & CompSc, GAICD



James Walker
Chief Risk Officer
BA Hons (Economics), FCISI, MAICD



Jenny O'Neill
**Chief Legal Officer and
Company Secretary**
BA (Comm.), LLB (Hons), GAICD



Nichole Banks
Chief Sales and Marketing Officer
Accounting and Business Management,
Grad Cert Mgt, GAICD



Michael Bencsik
Chief Financial Officer
BCom, MBA, FCCA, FCPA, FCISI, GAICD, JP



Vicki Leaver
Chief People and Culture Officer
BA DipEd, M. Pub Ad. GAICD



Directors' report

The Board of Directors of Teachers Mutual Bank Limited ('the Bank') present their report together with the Financial Statements for the financial year ended 30 June 2026. The Bank is a company registered under the *Corporations Act 2001*.

All Board members are independent and satisfy APRA's Fit and Proper requirements. They are also required to comply with the Bank's Code of Conduct, which outlines their legal and ethical obligations. The Board is committed to ongoing professional development to maintain awareness of emerging issues and meet its governance responsibilities.



Andrew Kearnan

Chair

MBA, BSc (Hons); FAICD

Appointed: September 2020, Deputy Chair May 2023 to February 2025, Chair since February 2025

Board Committees: Member of the Audit, Nominations, and Risk & Compliance Committees

Andrew has held senior, executive and non-executive Director positions at leading finance sector institutions including Bank of America, Merrill Lynch, Commonwealth Bank, Hollard Insurance and RACQ. He is a past Member of the Australian Accounting Standards Board and was consistently rated as one of Australia's top equity market research analysts (financial services sector) during his 18-year investment banking career.

Andrew also holds a number of non-executive directorships, including as Chair of UniMutual Limited, PetSure Australia and Petsure Holdings, and as a Director of Capricorn Society Limited.



Prof. the Hon. Verity Firth AM

Deputy Chair

BA LLB; GAICD

Appointed: July 2020, Deputy Chair since May 2025

Board Committees: Chair of the Nominations Committee, Member of the People & Remuneration Committee

Verity has experience at the very highest levels of government and the not-for-profit sector in Australia. She is Vice-President, Societal Impact, Equity and Engagement at the University of New South Wales. Prior to this, she was Pro Vice-Chancellor (Social Justice and Inclusion) at University of Technology Sydney. From 2007 to 2011, she was the Member for Balmain in the NSW Parliament and served as Minister for Education and Training in NSW. She has also held the role of CEO of the Public Education Foundation.

Before her parliamentary career, Verity worked as a lawyer and was Deputy Lord Mayor of the City of Sydney.

Verity was awarded the Member of the Order of Australia (AM) in the 2023 Australia Day Honours List, in recognition of her service to the Parliament of New South Wales and to social inclusion.

Verity is also Chair of the National Centre for Vocational Education Research, Chair of Engagement Australia, Deputy Chair of the Australian Public Policy Institute, Director UNSW Press Pty Ltd and Member of the Commonwealth Government Tertiary System Advisory Council.



Fiona Bennett

Director

BBus (Accounting, Finance & Economics); CPA; GAICD

Appointed: 1 May 2026

Board Committees: Member of the Audit, and People & Remuneration Committees

Fiona is an experienced non-executive Director and board Chair with extensive expertise in financial management, governance, audit and risk. She formerly served as Chair of Australian Mutual Bank Ltd, currently holds a committee Chair role at Neami National, and is a Director of Skillset Limited.

Fiona has also held senior board positions in the public health sector, including Deputy Chair of the Western NSW Local Health District, and independent member of the Audit and Risk Committee for Far West Local Health District. With a background in senior finance roles at CSR Limited and government, she brings strong leadership, strategic insight and a commitment to governance and sustainability.



Emeritus Professor William Ford

Director

BA LLB (Hons); DipEd W Aust; DipLib (NSW); FAAL

Appointed: August 2015

Board Committees: Member of the People & Remuneration and Risk & Compliance Committees

A Director and Chair of Unicredit until its merger with Teachers Mutual Bank Limited in 2015, William is also a barrister and solicitor to the Supreme Court of WA and was for many years a specialist consultant to various national and state law firms.

William is an Emeritus Professor of Law and former Dean of the Law School at the University of Western Australia. His career includes serving as Chair of the Council of Australian Law Deans (2007-2011); former President (UWA Branch) NTEU & President of UWA Academic Staff Association; and former National Vice-President (Academic) NTEU.

William is also a Director/Trustee at Coleraine Pty Limited.



Virginia Marshall

Director

BCom, MBus, MCom, GradCertSust, GAICD

Appointed: May 2023

Board Committees: Chair of the Audit Committee, Member of the Risk & Compliance Committee

Virginia is an experienced financial executive with more than 20 years of experience across financial services, property and asset management, and technology companies, including Deputy Chief Financial Officer for Westpac Banking Corporation's Consumer Division and Chief Financial Officer of non-bank lender, Society One.

Virginia is currently Chief Financial Officer for Samsara Eco Pty Ltd, a biotech focusing on enzymatic recycling, advancing Australia's efforts towards a circular economy. She is also a Director at the NSW Cancer Council.



Sue Matthews

Director

RN, BA, MHScN, Wharton Fellow, DPH, GAICD

Appointed: February 2024

Board Committees: Member of the People & Remuneration and Nominations Committees

Sue is CEO of the Royal Women's Hospital. She is a member of the Victorian Women's Health Advisory Council and recently chaired the Victorian Inquiry into Women's Pain. She is a council member of the Melbourne Academic Centre for Health.

Sue is an internationally recognised leader in women's health and healthcare systems, underpinned by a rich experience in clinical expertise, research contributions, governance and administrative oversight. She is deeply dedicated to elevating the wellbeing of women and newborns through visionary, passionate, and evidence-based advocacy.

She is a Graduate of the AICD Company Directors course, has a Doctorate in Public Health, Master of Health Science Nursing, Bachelor of Liberal Arts, Health Studies and has completed an executive fellowship at Wharton School of Business.



Andrew McCready

Director

BSc, A Fin

Appointed: September 2019

Board Committees: Chair of the People & Remuneration Committee, Member of the Audit Committee

Andrew is a Leading Station Officer in Fire + Rescue NSW and a Supervisor at their 000 Call Centre in Sydney.

Andrew was a Director of Fire Brigades Employees Credit Union for eight years and Chair for three years. Post the merger with Teachers Mutual Bank Limited in 2016, he continued on the Firefighters Mutual Bank Advisory Committee and was appointed to the Teachers Mutual Bank Limited Board in 2019.



Marianne Perkovic

Director

BEd, MBA, GAICD

Appointed: September 2024

Board Committees: Chair of the Risk & Compliance Committee, Member of the Audit Committee

Marianne has 30 years' experience within financial services working across retail and high net worth banking, wealth management, financial advice, asset and investment management, insurance, and superannuation. She also has experience in the fashion and textile industry.

A highly experienced executive and director, Marianne has held senior executive roles with ASX listed organisations, a major bank, and consulting firms. She is an experienced board director and committee chair, was the youngest female to be appointed CEO of an ASX-listed business, and to date has been recognised with several industry awards.

Marianne is also a Director at Insignia Financial Group's Investment & Superannuation Trustee Boards, Real Asset Management Essential Services Property Fund, Eticore, BuildCorp Foundation Board, The Australian Fashion Council, Seamless, TFIA Business Services Pty Limited, Devlin Noble Pty Ltd, Perkovic Devlin Advisory, and is an APAC International Advisory Board member at Workday and a Member of Chief Executive Women.



Kristen Watts

Director

BEd (Accounting); MCom; CA; GAICD

Appointed: 1 May 2026

Board Committees: Member of the Nominations, and Risk & Compliance Committees

Kristen is an experienced non-executive Director with more than 25 years' experience in commercial finance, risk management, asset management and investment governance. She has served on mutual bank boards for over 15 years, including Australian Mutual Bank Ltd, Endeavour Mutual Bank and Select Credit Union, and brings deep knowledge of APRA regulated environments and contemporary governance practice.

A Chartered Accountant and Graduate of the Australian Institute of Company Directors, Kristen's board portfolio spans community housing, social enterprise and aged care, where she chairs Finance, Risk and Audit Committees and provides oversight of strategy, performance and risk.

The Company Secretary in office at the end of the financial year is Ivana Jenny (Jenny) O'Neill.

Jenny O'Neill

Chief Legal Officer and Company Secretary

BA (Comm.); LLB (Hons); GAICD

The Company Secretary is accountable for the Bank's corporate governance, company secretarial and legal functions.

Directors' meeting attendance

The number of Board or Committee meetings held during the year and the number of meetings attended by each Director is as follows:

Director	Scheduled meetings		Risk & Compliance		Audit		People & Remuneration		Board Nominations	
	H ¹	A ²	H ¹	A ²	H ¹	A ²	H ¹	A ²	H ¹	A ²
Andrew Kearnan ³	7	7	5	5	4	4	n/a	n/a	n/a	n/a
Verity Firth ⁴	7	6	n/a	n/a	n/a	n/a	4	4	2	1
Fiona Bennett ⁵	1	1	n/a	n/a	1	1	n/a	n/a	n/a	n/a
William Ford	7	7	5	5	n/a	n/a	4	4	n/a	n/a
Virginia Marshall	7	7	5	5	4	4	n/a	n/a	n/a	n/a
Susan Matthews	7	7	n/a	n/a	n/a	n/a	4	4	2	2
Andrew McCready	7	7	n/a	n/a	4	4	4	4	n/a	n/a
Marianne Perkovic	7	6	5	5	4	4	n/a	n/a	n/a	n/a
Kristen Watts ⁶	1	1	1	1	n/a	n/a	n/a	n/a	n/a	n/a

All Directors may attend Board Committee meetings (with the exception of the Nominations Committee) even if they are not a member of the relevant Committee. The table excludes the attendance of those Directors who attended meetings of Board Committees of which they are not a member.

1. The number of meetings held during the time the Director was a member of the Board or Board Committee.
2. The number of Board Committee meetings that the Director attended as a member.
3. Appointed as member of the Board Nominations Committee on 18 May 2026.
4. Appointed as Chair of the Board Nominations Committee on 1 June 2026, following the retirement of external Non-Executive Director Bruce Auty in May 2026.
5. Appointed as a Director on 1 May 2026 following the merger with Australian Mutual Bank Ltd. Appointed as a member of the Board Audit, and People & Remuneration Committees on 18 May 2026.
6. Appointed as a Director on 1 May 2026 following the merger with Australian Mutual Bank Ltd. Appointed as a member of the Board Risk & Compliance, and Nominations Committees on 18 May 2026.

Directors' benefits

No Director has received, or became entitled to receive during, or since the end of the financial year, a benefit because of a contract made by the Bank, controlled entity, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than that disclosed in Note 26 (Key Management Personnel and Related Party Transactions) of the financial report.

Indemnifying officers or auditors

Insurance premiums have been paid to insure each of the Directors and officers of the Bank against costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Bank. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the Bank.

Financial performance disclosures

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 the giving of credit facilities to members as prescribed by the Bank's Constitution.

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

Operating results

The net profit of the Bank for the year after providing for income tax was \$28.9 million (2025: \$36.7 million).

Dividends

No dividends have been paid or declared since the end of the financial year and no dividends have been recommended or provided for by the Directors of the Bank.

Review of operations

The Bank's principal activity of providing retail financial services primarily to employees and families in the education, emergency services and health sectors, university graduates and their families, remained consistent with the previous year.

On 1 May 2026, the Bank completed its merger with Australian Mutual Bank Ltd, increasing the scale of the combined business and broadening the Bank's member base beyond its traditional education, emergency services and health sector focus, adding members from a broader range of community, industrial, transport and co-operative backgrounds. The merger has strengthened the Bank's capacity to invest in member services, digital capability, operational resilience, risk management and regulatory change, while maintaining its member-owned purpose.

Net profit after tax decreased by 21.3% to \$28.9 million (2025: \$36.7 million). The reduction in profit was primarily driven by higher operating expenses, including investment in risk and digital transformation, increased staff costs associated with supporting the enlarged business, merger integration activity, and higher regulatory and compliance costs. The result was also impacted by a higher impairment expense reflecting updated macroeconomic assumptions. These factors were partially offset by stronger net interest income, supported by above-system lending growth, portfolio repricing and the two-month contribution from Australian Mutual Bank Ltd following completion of the merger.

Net interest income increased by \$34.1 million, or 15.9%, to \$248.4 million (2025: \$214.3 million). This reflected the benefit of higher average lending yields, portfolio repricing and lending growth. These benefits were partly offset by continued competition for deposits and increased reliance on wholesale funding to support lending growth and manage liquidity.

Loans and advances to members increased by \$2.6 billion, or 27.2%, to \$11.9 billion (2025: \$9.4 billion), primarily reflecting the enlarged business following the merger. Credit quality remained sound, with arrears and loan losses managed within the Bank's risk appetite. The expected credit loss provision remained appropriate, having regard to portfolio performance, economic conditions and known areas of emerging and heightened risk.

Retail deposits increased by \$2.0 billion, or 22.0%, to \$11.2 billion (2025: \$9.2 billion), reflecting the enlarged member base following the merger. Wholesale sector funding increased by \$684.8 million, or 47.8%, to \$2.1 billion (2025: \$1.4 billion), supporting the Bank's broader funding and liquidity management activities. The Bank remains well funded, with a stable retail deposit base and access to diversified wholesale funding markets.

Operating expenses increased by \$45.9 million, or 26.1%, to \$221.8 million (2025: \$175.9 million), reflecting the larger operating footprint following the merger, including additional employees and branch operations, integration activity, technology and transformation investment, and continued uplift in member experience, lending support, fraud management, legal, risk, regulatory and compliance capability. These investments support the Bank's long-term sustainability, operational resilience and ability to continue delivering secure and reliable services to members.

During June 2026, the Bank sold its remaining shareholding in Cuscal Limited that had been acquired through the merger with Australian Mutual Bank Ltd. The sale was completed on market and resulted in a gain recognised in other comprehensive income. The Bank also acquired additional investments and properties, which are reflected in the financial statements, through the merger.

The Bank continued to review its property portfolio during the year, including properties acquired through the merger. This resulted in certain non-current assets being classified as held for sale and the recognition of investment properties. The Bank also entered into new lease arrangements across its office and branch network, including the relocation of its head office to new premises at 10 Shelley Street, Sydney.

Total assets increased by \$3.0 billion, or 26.4%, to \$14.5 billion (2025: \$11.5 billion), primarily reflecting the merger with Australian Mutual Bank Ltd and the associated increase in loans and advances, liquid assets and other financial assets.

The Bank's capital position remained strong, with a capital adequacy ratio of 18.93% at 30 June 2026. The increase was primarily driven by the merger with Australian Mutual Bank Ltd, the sale of a non-strategic holding of shares in Cuscal Limited acquired through the merger, profit generation and higher treasury investment in lower risk-weighted semi-government securities, partly offset by lending growth. This provides a sound base to support the enlarged business, meet regulatory requirements, manage uncertainty in the



external environment and continue investing in systems, security, member experience and risk transformation.

Further information about the Bank's overall performance, including key non-financial metrics, is provided in the Message from the Chair and CEO section of this Annual Report. The notes to the financial statements outline the critical accounting estimates and judgements applied in preparing the financial statements. The Directors consider that the financial statements, together with the Bank's sound capital, liquidity and credit profile, demonstrate that the Bank is well positioned to manage ongoing uncertainty in the external economic environment.

Significant changes in the state of affairs

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

Events occurring after the end of the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, the results of these operations or the state of affairs of the Bank in subsequent financial years.

Likely developments and results

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:

- i. the operations of the Bank;
- ii. the results of those operations; or
- iii. the state of affairs of the Bank

in the financial years subsequent to this financial year, other than that discussed under 'Events occurring after the end of the reporting date' above and in the notes to the accounts.



Environmental legislation

The Bank operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Auditor's independence declaration

The auditors have provided the declaration of independence to the Board as prescribed by the *Corporations Act 2001* (Cth) (the Corporations Act) as set out on page 35 and forms part of this report.

Proceedings on behalf of the Bank

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

Rounding

Teachers Mutual Bank Limited is a type of company referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2026/183 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest million dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Andrew Kearnan

Andrew Kearnan
Chair

Verity Firth

Verity Firth
Deputy Chair

Signed and dated this 28th day of September 2026

Directors' declaration

TEACHERS MUTUAL BANK LIMITED

Directors' declaration

In the opinion of the Directors of Teachers Mutual Bank Limited:

- a. The financial statements and notes of Teachers Mutual Bank Limited are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. Giving a true and fair view of the financial position as at 30 June 2026 and of its performance for the financial year ended on that date, and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting interpretations) and the *Corporations Regulations 2001*.
- b. There are reasonable grounds to believe that Teachers Mutual Bank Limited will be able to pay its debts as and when they become due and payable.
- c. The financial statements comply with International Financial Reporting Standards as stated in Note 1.
- d. The consolidated entity disclosure statement on page 86 is true and correct.

Signed in accordance with a resolution of the Directors:



Andrew Kearnan, Chair

Signed and dated this 28th day of September 2026

Auditor's independence declaration



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Grosvenor Place
Level 26, 225 George St
Sydney, NSW 2000

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Sydney, NSW 1230

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Auditor's Independence Declaration

To the Directors of Teachers Mutual Bank Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Teachers Mutual Bank Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Clairie Scott

C L Scott
Partner – Audit & Assurance

Sydney, 28 September 2026

www.grantthornton.com.au
ACN-130 913 594

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Independent auditor's report



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Independent Auditor's Report

To the Members of Teachers Mutual Bank Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Teachers Mutual Bank Limited (the Company) and its controlled entities (the Group), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Group 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this 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: https://www.auasb.gov.au/media/apz1wn0y/ar3_2024.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Clairie Scott

C L Scott
Partner – Audit & Assurance

Sydney, 28 September 2026

Grant Thornton Audit Pty Ltd



Financial *statements* and Notes



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Statements of income and other comprehensive income

For the year ended 30 June 2026

	Note	2026 \$m	2025 \$m
Interest revenue	2(a)	615.5	556.6
Interest expense	2(b)	(367.1)	(342.3)
Net interest revenue		248.4	214.3
Fee and commission revenue	2(c)	14.8	14.8
Other income	2(d)	1.9	2.7
Net operating income		265.1	231.8
Credit impairment charge	2(e)	(3.0)	(1.9)
Operating expenses	2(f)	(221.8)	(175.9)
Total expenses		(224.8)	(177.8)
Profit before income tax		40.3	54.0
Income tax expense	3(a)	(11.4)	(17.3)
Profit attributable to members		28.9	36.7
OTHER COMPREHENSIVE INCOME, NET OF TAX	Note	2026 \$m	2025 \$m
Items that may be reclassified subsequently to profit and loss:			
– Net movement on cash flow hedges		(5.3)	(0.1)
Items that will not be reclassified subsequently to profit and loss:			
– Revaluation of land and buildings	19	1.0	(3.0)
– Changes in fair value of equity instruments held at fair value through other comprehensive income (FVOCI)	19	3.6	10.5
Total other comprehensive income		(0.7)	7.4
Total comprehensive income		28.2	44.1

The above statements should be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2026

	Note	2026 \$m	2025 \$m
ASSETS			
Cash and cash equivalents	4	257.9	132.2
Receivables	7	42.8	19.7
Other financial assets	8	2,126.3	1,859.6
Prepayments and other assets		9.4	8.0
Non-current assets held for sale	9	36.3	9.6
Derivative assets held for hedging purposes	10	1.7	0.5
Current tax assets	3(c)	2.4	1.0
Loans and advances to members	5	11,943.0	9,392.3
Property, plant and equipment	11	47.3	48.7
Investment property	12	5.1	–
Right-of-use assets	13(a)	22.0	1.0
Intangible assets		0.7	0.5
Deferred tax assets	3(d)	27.0	12.3
Total assets		14,521.9	11,485.4
LIABILITIES			
Wholesale sector funding	15	2,118.2	1,433.4
Retail deposits	16	11,189.6	9,174.6
Creditors, accruals and settlement accounts	17	52.1	34.6
Derivative liabilities held for hedging purposes	10	7.2	0.6
Current taxation liabilities	3(b)	5.1	1.5
Provisions	18	72.8	59.5
Lease liabilities	13(b)	27.0	1.2
Deferred tax liabilities	3(d)	18.1	9.0
Total liabilities		13,490.1	10,714.4
Net assets		1,031.8	771.0
MEMBERS' EQUITY			
Reserves	19	25.3	32.1
Retained earnings		1,006.5	738.9
Total members' equity		1,031.8	771.0

The above statement should be read in conjunction with the notes to the financial statements.

Statement of changes in member equity

For the year ended 30 June 2026

	Reserves \$m	Retained earnings \$m	Total equity \$m
Total at 1 July 2024	30.1	696.8	726.9
Total comprehensive income for the year	7.4	36.7	44.1
Subtotal	37.5	733.5	771.0
Transfers to (from) reserves	(5.4)	5.4	–
Total at 30 June 2025	32.1	738.9	771.0
Total at 1 July 2025	32.1	738.9	771.0
Total comprehensive income for the year	(0.7)	28.9	28.2
Subtotal	31.4	767.8	799.2
Receipts from transfer upon merger	16.6	216.0	232.6
Transfers to (from) reserves	(22.7)	22.7	–
Total at 30 June 2026	25.3	1,006.5	1,031.8

The above statement should be read in conjunction with the notes to the financial statements.

Statement of cash flows

For the year ended 30 June 2026

	Note	2026 \$m	2025 \$m
OPERATING ACTIVITIES			
Inflows			
Interest received		611.2	557.5
Fees and commissions		15.1	14.8
Dividends received		0.5	0.9
Other non-interest income received		0.4	1.5
Outflows			
Interest paid		(352.9)	(352.5)
Suppliers and employees		(210.4)	(172.6)
Income taxes paid		(18.5)	(18.3)
Net cash from revenue activities		45.4	31.3
Inflows (outflows) from other operating activities			
Loans and advances to members (net movement)		(1,153.0)	79.2
Retail deposits (net movement)		376.2	27.1
Net cash from operating activities	30	(731.4)	137.6
INVESTING ACTIVITIES			
Proceeds on sale of property, plant and equipment		10.9	1.0
Purchase of property, plant and equipment		(14.7)	(1.7)
Purchase of intangible assets		(0.6)	(0.1)
Proceeds on sale of other investments, net of tax		32.3	8.8
Deposits with other financial institutions (net movement)		(0.2)	(12.8)
Net cash received on transfer upon merger		213.9	–
Net cash from investing activities		241.6	(4.8)
FINANCING ACTIVITIES			
Wholesale sector (net movement)		613.1	(156.0)
Lease principal payments, net of lease incentives received		2.4	(0.5)
Net cash from financing activities		615.5	(156.5)
Net change in cash and cash equivalents		125.7	(23.7)
Cash at the beginning of the year		132.2	155.9
Cash at the end of the year	4	257.9	132.2

The above statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

For the year ended 30 June 2026

1. Basis of preparation

a. General information and statement of compliance

This financial report of Teachers Mutual Bank Limited (the Bank) was authorised for issue on 28 September 2026, in accordance with a resolution of the Board of Directors.

The Teachers Mutual Bank Group (the Group) consists of the Bank and its controlled entity, EdSec Funding Trust No. 1. The Bank has elected to present one set of financial statements to represent both the Bank as an individual bank and the Group on the basis that the impact of consolidation is not material to the Bank.

The general-purpose financial statements of the Bank have been prepared in accordance with the requirements of the *Corporations Act 2001*, the Australian Accounting Standards and with other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Bank is a for-profit entity for the purpose of preparing the financial statements.

b. Basis of measurement

The financial statements have been prepared on a historical cost basis, modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The accounting policies are consistent with the prior year unless otherwise stated.

c. Functional and presentation currency

These financial statements are presented in Australian dollars, which is also the functional currency of the Bank.

d. New Australian Accounting Standards and amendments to Australian Accounting Standards.

(i) Effective in the current financial year

There were no new or amended Australian Accounting Standards effective for the current financial year that had a material impact on the Bank's financial statements at the date of adoption.

(ii) Not yet effective for the financial year

(a) AASB 18 *Presentation and Disclosure in Financial Statements*

In June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18). This new standard will be effective for the Bank from 1 July 2027 and will be applied retrospectively.

AASB 18 will replace AASB 101 *Presentation of Financial Statements*. While it does not impact the recognition and measurement of items in the financial statements, it introduces new requirements for the presentation and disclosure of information in general purpose financial statements.

The Bank is assessing the presentation and disclosure impacts of adopting AASB 18.

e. AASB S2 Climate-related Disclosures

AASB S2 *Climate-related Disclosures* applies to the Bank for the year ended 30 June 2026. The standard requires disclosure of information about climate-related risks and opportunities, including the Bank's governance, strategy, risk management, and metrics and targets. The Bank's AASB S2 disclosures are included in the Sustainability Report within the Teachers Mutual Bank Limited Annual Report.

f. Accounting estimates and judgements

Management has made judgements when applying the Bank's accounting policies with respect to:

- Note 6 – Expected credit losses
- Note 9 – Non-current assets held for sale
- Note 10 – Application of hedge accounting principles
- Note 11 – Fair value of land and buildings
- Note 12 – Investment property
- Note 13 – Determination of lease term
- Note 18 – Provisions
- Note 29 – Derecognition of loans assigned to a special purpose vehicle used for securitisation purposes

g. Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Bank has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

h. Rounding of amounts

The Bank has applied the relief available to it under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2026/183 and accordingly, amounts in the financial statements and Directors' report have been rounded off to the nearest million dollars, or in certain cases, the nearest dollar.

2. Operating profit before income tax

a. Interest revenue

	2026 \$m	2025 \$m
INTEREST REVENUE		
Receivables from financial institutions	87.7	100.2
Loans and advances to members	505.3	454.7
Derivatives interest income	22.5	1.7
Total interest revenue	615.5	556.6

b. Interest expense

	2026 \$m	2025 \$m
INTEREST EXPENSE		
Retail deposits	260.2	267.3
Borrowings	82.0	73.4
Derivatives interest expense	23.9	1.8
Other	1.0	(0.2)
Total interest expense	367.1	342.3

c. Fee and commission revenue

	2026 \$m	2025 \$m
FEE AND COMMISSION REVENUE		
Loan fee income	3.1	3.1
Other fee income	1.1	1.1
Insurance commissions	4.6	4.4
Other commissions	6.0	6.2
Total fee and commission revenue	14.8	14.8

d. Other income

	2026 \$m	2025 \$m
OTHER INCOME		
Dividends received	0.5	0.9
Gain on disposal of property, plant and equipment	1.0	0.1
Grants received	–	1.1
Miscellaneous income	0.4	0.6
Total other income	1.9	2.7

e. Credit impairment charge

	2026 \$m	2025 \$m
Increase in provision for expected credit losses	2.1	1.0
Impairment losses written off directly against profit	1.3	1.2
Impairment losses recovered	(0.4)	(0.3)
Credit impairment charge	3.0	1.9

f. Operating expenses

	2026 \$m	2025 \$m
Salary and related costs	138.2	112.0
Transaction costs	19.9	18.6
Information technology costs	31.7	23.0
Research, marketing and sponsorships	8.4	6.5
Office occupancy	3.6	3.4
Professional fees	5.1	5.8
Audit remuneration	0.4	0.4
Depreciation and amortisation expenses	6.6	3.2
Other expenses	7.9	3.0
Total operating expenses	221.8	175.9

g. Auditor's remuneration

	2026 \$	2025 \$
AUDITOR'S REMUNERATION		
Audit and other assurance services	358,400	346,233
Non-audit services – sustainability assurance	69,300	–
Non-audit services – company liquidation services	–	12,000
Total auditor's remuneration	427,700	358,233

Other assurance services consist of assurance and related services traditionally performed by the independent external auditor of the Bank. Such services may include engagements required under regulatory, prudential or legislative programs as well as reviews requested by regulators and other agreed upon procedures. Non-audit services are pre-approved by the Board Audit Committee.

Recognition and measurement

Interest revenue

Interest income on loans is calculated on the daily balance outstanding and is charged in arrears to a member's account monthly. Interest income is recognised in the Statement of Income as it accrues, using the effective interest method. Loan establishment fees and costs, including upfront broker commission, are also included in the effective interest method and are amortised over the average life of the loan.

Interest income on deposits with other financial institutions, derivatives and investment securities is calculated on an accruals basis using the effective interest method.

Interest expense

Interest payable on deposits is calculated on the daily balance outstanding and is credited in arrears periodically. Interest expense is recognised in the Statement of Income as it accrues, using the effective interest method. Interest payable on borrowings is calculated on an accruals basis using the effective interest method.

Non-interest revenue

Revenue recognised under AASB 15 *Revenue from Contracts with Customers* (AASB 15) is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is reported net of the amount of goods and services tax (GST). Revenue is not recognised if there are significant uncertainties regarding the recovery of the consideration due or where the costs incurred or to be incurred cannot be measured reliably.

Loan fee income

Loan fee income within the scope of AASB 15 includes fees other than those that are integral to the lending arrangement. Fee income primarily comprises account transaction and monthly fees, processing fees, credit card fees, loan package fees and overdraft fees.

Fee income is either transaction based and therefore recognised when the performance obligation related to the transaction is fulfilled or related to performance obligations carried out over a period of time and therefore recognised on a systematic basis over the life of the agreement as the services are provided.

Commission income

Commission income within the scope of AASB 15 comprises insurance commissions received under an agency agreement as well as VISA interchange commission. The Bank has determined that performance obligations associated with commissions are met at the time the insurance policy is written or VISA debit or credit card is used by a member.

Dividends

Dividend income is recognised when the right to receive the dividend has been established, which in the case of listed and unlisted securities is when the dividend is declared.

3. Income tax

a. Income tax expense

(i) The income tax expense comprises amounts set aside as:

	2026 \$m	2025 \$m
Current tax expense	13.7	15.6
Adjustments for previous years	1.0	0.2
Total current income tax expense	14.7	15.8
DEFERRED TAX		
Origination and reversal of temporary differences	(3.3)	1.5
Total movement in temporary differences	(3.3)	1.5
Total income tax expense in income statement	11.4	17.3

(ii) The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:

	2026 \$m	2025 \$m
Profit before income tax	40.3	54.0
Prima facie tax payable on profit before income tax at 30%	12.0	16.2
Add		
– tax effect of expenses not deductible	0.1	0.2
– tax effect of income assessable	–	1.3
Less		
Tax effect of income not assessable	(0.4)	–
Subtotal	11.7	17.7
Add		
– Adjustments to recognise deferred tax assets and liabilities	(1.1)	(0.2)
Less		
– Under (over) provision of tax in prior years	1.0	0.2
– Franking rebate	(0.2)	(0.4)
Income tax expense attributable to current year profit	11.4	17.3

(iii) Franking credits

	2026 \$m	2025 \$m
Franking credits held after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year	366.9	303.4

b. Current tax liabilities

	2026 \$m	2025 \$m
Current income tax liability	4.4	0.9
Other tax liabilities	0.7	0.6
Total current taxation liabilities	5.1	1.5

CURRENT INCOME TAX LIABILITY COMPRISES:

Balance, previous year	0.9	1.0
Paid for prior year	(1.9)	(1.1)
Understatement in prior year	1.0	0.2
Liability for income tax in current year recognised through profit or loss	13.7	15.6
Liability for income tax in current year directly debited to equity	8.3	2.5
Less instalments paid in current year	(17.6)	(17.3)
Current income tax liability	4.4	0.9

c. Current tax assets

	2026 \$m	2025 \$m
GST Debtor	–	0.7
Other	2.4	0.3
Current tax assets	2.4	1.0

d. Deferred tax asset and liability**(i) Deferred tax recognised directly in equity**

	2026 \$m	2025 \$m
Net gain on revaluation of land and buildings	10.2	5.0
Unrealised gain on equity instruments designated at FVOCI	0.5	3.3

(ii) Deferred taxes

	2026 \$m	2025 \$m
DEFERRED TAX ASSETS COMPRISE:		
Accrued expenses not deductible until incurred	1.3	0.2
Expected credit losses	4.2	2.6
Provisions for employee benefits	9.2	7.2
Provisions for other liabilities	2.1	1.3
Depreciation on property, plant and equipment	1.6	0.2
Lease liabilities	7.9	0.5
Amortisation of intangible assets	0.7	0.3
Deferred tax assets	27.0	12.3
DEFERRED TAX LIABILITIES COMPRISE:		
Revalued property held at FVOCI	10.2	5.0
Equity instruments held at FVOCI	0.6	3.3
Right-of-use assets	7.3	0.5
Other	–	0.2
Deferred tax liabilities	18.1	9.0
DEFERRED TAXES, NET		
Deferred tax assets	27.0	12.3
Deferred tax liabilities	(18.1)	(9.0)
Deferred tax asset, net	8.9	3.3

Recognition and measurement**Income tax expense**

Income tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax

Current income tax assets and liabilities comprise those obligations to, and claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Management also considers whether it is probable that a taxation authority will accept an uncertain tax treatment and measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income taxes

Deferred income taxes are calculated using the liability method on temporary differences arising between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Bank and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantially enacted by the end of the reporting period, currently 30% (2025: 30%).

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Bank's forecast of future operating results, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of property, plant and equipment) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The Bank undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Bank estimates the amount expected to be paid to or recovered from taxation authorities based on the Bank's understanding and interpretation of law, including case law.

The Bank and its wholly owned Australian-controlled entities have implemented a tax-consolidated group in accordance with the tax consolidation legislation. Consequently, these entities are taxed as a single entity.

4. Cash and cash equivalents

	2026 \$m	2025 \$m
Cash on hand	1.3	0.6
Cash and deposits at call with other financial institutions	256.6	131.6
Cash and cash equivalents	257.9	132.2

Cash equivalents are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Recognition and measurement

Cash and cash equivalents include notes and coins on hand, cash on deposit and call accounts with other Authorised Deposit-taking Institutions (ADIs) and other short-term, highly liquid investments that are readily convertible and subject to insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Bank's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position. Interest is brought to account using the effective interest method.

5. Loans and advances to members

Gross carrying amounts of loans and advances

	2026 \$m	2025 \$m
Overdrafts and credit cards	82.4	68.2
Term loans	11,807.5	9,278.1
Finance leases	2.9	–
Overdrawn savings	0.2	0.1
Subtotal	11,893.0	9,346.4
Add: Loan origination costs and broker commissions	64.1	54.4
Less: Expected credit loss provision (Note 6)	(14.1)	(8.5)
Net loans and advances to members	11,943.0	9,392.3

The following table shows the Bank's contractual maturity profile of loans and advances as at 30 June:

MATURITY ANALYSIS – GROSS LOANS AND ADVANCES	2026 \$m	2025 \$m
Up to 1 year	8.6	3.3
1 to 5 years	183.4	157.5
Over 5 years	11,701.0	9,185.6
Total	11,893.0	9,346.4

Recognition and measurement

Loans and advances are classified as financial assets measured at amortised cost. Loans and advances are initially measured at fair value plus costs directly attributable to the origination of the loan. These costs are amortised over the expected life of the loan and subsequently measured at amortised cost using the effective interest method, less expected credit losses.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the loan or advance to the carrying amount of the loan or advance. When estimating the future cash flows, the Bank considers all contractual terms of the loan or advance excluding any expected credit losses. Included in this calculation are all fees paid or received that are integral to the contract.

Broker trail commission asset, included within loan origination costs and broker commissions above, is based on the net present value of the expected future trail commission expenses. An equivalent broker trail provision is held within provisions.

Securitised loans

The Bank maintains a securitisation trust, the *EdSec Funding Trust No.1* (the Trust), which issues notes that meet the Reserve Bank of Australia (RBA)'s criteria for borrowing funds via repurchase agreements for emergency liquidity requirements. The Bank holds all notes issued by the Trust, manages the loans, and retains all residual benefits and costs of the portfolio. As the Trust meets the definition of a controlled entity and the Bank has not transferred substantially all of the risks and rewards to the Trust, the assigned loans are not derecognised in the financial statements of the Bank. The Bank did not participate in securitisation other than internal securitisation.

	2026 \$m	2025 \$m
EdSec Funding Trust No.1	2,202.9	1,525.3

6. Expected credit losses

Measurement of ECL

The Bank utilises a forward-looking expected credit loss (ECL) approach to determine provisioning with respect to loans and advances, in accordance with AASB 9 *Financial Instruments*. The key inputs into the measurement of ECL include the following variables:

- *Exposure at default (EAD)* – represents the estimated 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, including amortisation. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.
- *Probability of default (PD)* – PD estimates are calculated based on historic default behaviour using various methods, including a roll rate transition matrix. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations, without recourse by the Bank to actions such as realisation of available security, or the borrower is 90 days or more past due.
- *Loss given default (LGD)* – the magnitude of the likely loss if there is a default. LGD is estimated using historical loss rates and external benchmarks, considering relevant factors for individual portfolios.

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below.

Where appropriate, in calculating the ECL, future cash flows are discounted at the original effective interest rate of the exposure.

Model stages

The three-stage approach utilised by the Bank to measure ECL is described below:

- Stage 1 – For financial assets where there has not been a significant increase in credit risk (SICR) since initial recognition and are not credit impaired upon origination, a 12-month ECL is recognised.
- Stage 2 – Where there has been a SICR, measurement of ECL is determined by a probability weighted estimate of credit losses over the financial assets' expected lifetime.
- Stage 3 – Financial assets which are deemed to be credit impaired, including exposures that are 90 days or more past due, or where it has been assessed that the borrower is unlikely to pay.

Grouping of similar assets

Loans are grouped into portfolios with similar credit characteristics, including borrower type, product type and contractual repayment terms. Accordingly, the Bank has elected to use the following segments when calculating ECL:

- Home loan portfolio – loans secured by residential mortgages
- Personal loans – unsecured and secured consumer term loans
- Credit cards – revolving credit facilities
- Personal overdraft facilities – approved overdraft limits attached to transaction accounts
- Commercial loans – loans to business and commercial borrowers

Significant increase in credit risk (SICR)

When assessing exposures to determine whether there has been a SICR, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert judgement, relevant external factors and forward-looking information.

The following factors have been considered in determining whether there has been a SICR since initial recognition:

- Loans are considered to have experienced a SICR if they are past due by more than 30 days or the equivalent of one monthly payment, whichever is the earlier. The Bank does not rebut the presumption that there has been a SICR since initial recognition when financial assets are more than 30 days past due.
- Borrowers are experiencing financial hardship and payments are subject to deferral or other arrangements.
- Loans identified as exhibiting heightened credit risk due to potential stress within the home loan portfolio, including risks associated with interest rate changes, refinancing or repayment capacity, climate-related factors, portfolio-specific characteristics, and other emerging risks requiring management judgement.

Definition of default

The Bank's definition of default is the point when the borrower is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising security or is more than 90 days past due on an obligation to the Bank. This is aligned to APRA's regulatory definition of default contained in Prudential Standard APS 220 Credit Risk Management.

Incorporation of forward-looking information

The approach to determining the ECL includes consideration of forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting ECL for each portfolio.

The Bank applies professional judgement in determining whether there are any inherent risks in the predictive outcome of the models. The assumptions are informed by information used by the Bank for other risk management and planning purposes.

Forward-looking economic assumptions in the model include credit deterioration in the retail lending portfolio modelled assuming higher PD and LGD estimates projected from past experiences of delinquency in each product type in relation to changes in Australian economic indicators.

The Bank has considered forward-looking information, such as the impact of future unemployment rates, interest rates, property prices and other economic indicators, when constructing and weighting the scenarios. Scenarios have been developed using publicly available data combined with management judgement.

For the current reporting period, the Bank has developed two alternative scenarios in addition to the baseline scenario, being a downside and an extreme downside economic environment. The alternative scenarios have been compared to the baseline on a relative basis. The downside scenarios have been set relative to the base scenario using macroeconomic conditions that represent plausible but less likely alternatives to the base scenario.

Future economic conditions may differ from the scenarios determined, the impact of which will be accounted for in future reporting periods.

The table below indicates the three macroeconomic scenarios the Bank has used to reflect a probability-weighted range of possible future outcomes in estimating the ECL as at 30 June.

Scenario	Definition
Base case	The base case scenario assumes that unemployment will increase from 4.55% in 2027 to 4.6% in 2029, and the CPI forecast will decrease from 3.0% in 2027 to 2.7% in 2029.
Downside	Economic slowdown: Unemployment is projected to increase from 6.95% in 2027 to 9.2% in 2029. The CPI forecast is projected to increase to 6.0% in 2027 before decreasing to 5% in 2029.
Extreme downside	Economic recession: Unemployment is projected to increase to 10.3% in 2027 and is forecast to remain at that level until 2029. The CPI forecast is projected to increase to 6.0% in 2027 before decreasing to 5% in 2029.

Probability weightings

The table below indicates the weightings used by the Bank in calculating the ECL as at 30 June.

	2026	2025
Base	50%	55%
Downside	40%	35%
Extreme downside	10%	10%

ECL sensitivity analysis

The table below illustrates the sensitivity to key factors used in determining the ECL as at 30 June, assuming 100% weighting and holding all other assumptions (including forward-looking adjustments) constant.

	2026 \$m	2025 \$m
100% Base scenario	12.0	7.7
100% Downside scenario	15.5	10.2
100% Extreme downside scenario	22.1	12.1

Overlays

Portfolio overlays are used where the modelled ECL does not fully capture relevant risks or uncertainties in the portfolio. These overlays are reviewed at each reporting date and reflect management judgement having regard to emerging risks, portfolio performance, economic conditions, portfolio-specific factors, and limitations in model calibration or available data.

At 30 June 2026, overlays included amounts for climate-related risk, estimation uncertainty associated with the acquired Australian Mutual Bank Ltd portfolio and other emerging risks requiring management judgement. The overlays reflect factors not fully captured in the modelled ECL outcome at the reporting date, including differences in available historical data, portfolio composition and credit risk segmentation across the combined business, and will be reviewed as additional data becomes available, credit risk outcomes emerge and methodologies are further refined.

Total portfolio overlays as at 30 June 2026 were \$5.5 million (2025: \$3.0 million). The increase primarily reflects climate-related risk, estimation uncertainty associated with the acquired Australian Mutual Bank Ltd portfolio, and continued management judgement in relation to other credit risks, emerging risks and portfolio characteristics not fully captured by the modelled ECL.

Write-offs

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 30 June 2026 were \$1.2 million (2025: \$1.1 million). The Bank may seek to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

Modifications

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities may include extended payment term arrangements, temporary payment deferrals and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of these assets, and where it improves may move them from Stage 3 or Stage 2 (lifetime ECL) into Stage 1 (12-month ECL). This is only the case for assets which have performed in

accordance with the new terms for six consecutive months or more.

The following table reconciles the Bank's provision for ECL on loans, advances and credit commitments by stage.

The key line items in the reconciliation of provision for ECL represent the following:

- Transfers to/(from) – represents transfers between Stages 1, 2 and 3 prior to re-measurement of the provision for ECL.
- Current loans – movements in provisions due to re-measurement between 12 months and lifetime ECL resulting from transfers of exposures between stages.
- New loans and advances – movement in provisions on loans and advances originated in the current period.
- Loans paid out – movement in provisions due to maturities and repayments of existing exposures.
- Model changes – movement due to changes in model and risk parameters, including changes in model assumptions, forward-looking economic scenarios, and other assumptions.
- Write-offs – derecognition of loans and provisions upon write-offs.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL \$m	Lifetime ECL \$m	Lifetime ECL \$m	\$m
Opening provision at 1 July 2024	2.9	2.2	2.5	7.6
Transfers to/(from)				
– Stage 1	0.2	(0.1)	(0.1)	-
– Stage 2	<(0.1)	0.1	(0.1)	-
– Stage 3	<(0.1)	(0.1)	0.2	-
Charge to income statement:				
Current loans	0.1	1.9	0.7	2.7
New loans and advances	0.5	0.8	0.3	1.6
Loans paid out	(0.5)	(0.7)	(0.4)	(1.6)
Model Changes	(0.7)	(0.2)	(0.4)	(1.3)
Write offs	-	(0.1)	(0.4)	(0.5)
Loan impairment expense/(credit) for the year	(0.6)	1.7	(0.2)	0.9
Closing provision at 30 June 2025	2.3	3.9	2.3	8.5

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL \$m	Lifetime ECL \$m	Lifetime ECL \$m	\$m
Opening provision at 1 July 2025	2.3	3.9	2.3	8.5
Transfers to/(from)				
– Stage 1	0.2	<(0.1)	(0.2)	-
– Stage 2	<(0.1)	0.1	(0.1)	-
– Stage 3	<(0.1)	(0.2)	0.2	-
Charge to income statement:				
Current loans	0.5	3.3	0.6	4.4
New loans and advances	1.4	0.7	0.4	2.5
Loans paid out	(0.4)	(0.2)	(0.4)	(1.0)
Write offs	<(0.1)	(0.1)	(0.2)	(0.3)
Loan impairment expense/(credit) for the year	1.5	3.7	0.4	5.6
Closing provision at 30 June 2026	4.0	7.5	2.6	14.1

7. Receivables

	2026 \$m	2025 \$m
Interest receivable on deposits with other financial institutions	12.6	8.7
Sundry debtors and settlement accounts	30.2	11.0
Total receivables	42.8	19.7

Recognition and measurement

Receivables are recognised and accounted for as financial assets classified as amortised cost.

Interest on receivables due from other financial institutions is recognised on an effective yield basis.

Impairment – Receivables

The Bank applies the AASB 9 *Financial Instruments* simplified approach to recognising lifetime expected credit losses for receivables, as these balances do not have a significant financing component. Receivables are assessed for impairment on an individual risk basis, having regard to the nature of the receivables, counterparty specific information, ageing, recoverability and other relevant facts and circumstances. This assessment is separate from the expected credit loss model applied to loans and advances, as disclosed in Note 6 Expected Credit Losses.

Receivables are written off when there is no reasonable expectation of recovery. The Bank is not exposed to any significant credit risk concentration in respect of receivables, either to a single counterparty or to a group of counterparties with similar characteristics.

8. Other financial assets

	2026 \$m	2025 \$m
AMORTISED COST		
Due from other financial institutions		
Negotiable certificates of deposit	368.0	265.9
Covered bonds	29.8	29.8
Floating rate notes	881.8	1,004.6
Promissory notes	–	19.6
Bonds	34.8	1.2
Residential mortgage-backed securities	–	4.8
Other (EdSec and Cuscal Limited)	154.5	114.5
Due from central borrowing authorities		
Floating rate notes	557.8	390.1
Bonds	97.4	15.4
Total amortised cost	2,124.1	1,845.9
FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Equity instruments – listed shares	–	13.7
Equity instruments – unlisted shares	2.2	–
Total value of other financial assets	2,126.3	1,859.6

Other financial assets include restricted balances, which represent deposits held in securitisation trust collection accounts of \$81.1 million (2025: \$59.5 million), and security deposit obligations with Cuscal Limited of \$73.4 million (2025: \$55.0 million), which are not available for use by the Bank.

Recognition and measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, 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;
- Fair value through profit or loss (FVPL); 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 interest income and interest expenses, except for impairment of loans and receivables, which is presented in the income and other comprehensive income statements.

Classifications are determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

Amortised cost

Financial assets are classified at amortised cost when they are held within a business model to solely collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). Amortised cost is calculated by taking into account any discount or premium on the issue of the asset and costs that are an integral part of the effective interest rate.

Gains and losses are recognised in the income statement when the financial assets are derecognised or impaired.

Fair value through profit or loss (FVPL)

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 business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair Value through Other Comprehensive Income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in Other Comprehensive Income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents a return of capital.

Shares at fair value

	2026 \$m		2025 \$m	
FAIR VALUE MEASUREMENT FOR SHARES IN EQUITIES	Fair value	Cost	Fair value	Cost
Cuscal Limited	–	–	13.7	2.7
TransAction Solutions Limited	2.2	0.5	–	–
Total shares at fair value	2.2	0.5	13.7	2.7

Cuscal Limited

Cuscal Limited is an entity listed on the Australian Securities Exchange. During the year, the Bank sold shares held in Cuscal Limited on market, with the resulting gains recognised in other comprehensive income.

TransAction Solutions Limited (operating as Experteq)

TransAction Solutions Limited (operating as Experteq), provides services to mutual banks, credit unions and other banking and non-banking customers. The Bank acquired shares in TransAction Solutions Limited as part of the merger with Australian Mutual Bank Ltd.

The shares are tradeable only within a limited market of eligible TransAction Solutions shareholders and trading volumes are low. Accordingly, fair value has been estimated by reference to the net tangible asset value per share of the underlying investment. Given tangible assets form the core of the company's balance sheet, this valuation approach is considered to provide a reasonable approximation of fair value.

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 Bank's business models during the current year (2025: Nil).

9. Non-current assets held for sale

	2026 \$m	2025 \$m
Land and buildings	36.3	9.6
Total non-current assets held for sale	36.3	9.6

Non-current assets held for sale comprise properties for which the Bank has committed to a plan of sale and where the sale is considered highly probable. These assets are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately in the Statement of Financial Position.

At 30 June 2026, non-current assets held for sale primarily comprise properties identified for sale as part of the Bank's property portfolio review, including property acquired through the merger with Australian Mutual Bank Ltd.

10. Derivatives held for hedging purposes

The table below provides the fair values and notional amounts of derivative financial instruments held by the Bank. The notional amount is reported gross at the amount of the underlying asset, reference rate or index, and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the value of transactions open at year end and are not indicative of market risk or credit risk. Fair value measurement is classified as Level 2 in the fair value hierarchy, and the methodology and basis for valuation are explained in Note 23 Fair value of financial assets and liabilities.

	2026 \$m		2025 \$m	
DERIVATIVE ASSETS DESIGNATED AS CASH FLOW HEDGES	Carrying Amount	Notional Amount	Carrying Amount	Notional Amount
Interest rate swaps	1.7	252.0	0.5	236.6
Total derivative assets	1.7	252.0	0.5	236.6
DERIVATIVE LIABILITIES DESIGNATED AS CASH FLOW HEDGES				
Interest rate swaps	7.2	736.5	0.6	125.0
Total derivative liabilities	7.2	736.5	0.6	125.0
Total derivatives	(5.5)	988.5	(0.1)	361.6

Recognition and measurement

Interest rate swaps

The Bank may enter into interest rate swaps to manage interest rate risk. These are recognised at fair value at the date of the contract and are reported at fair value at subsequent reporting dates. Resulting gains or losses are recognised in profit or loss immediately unless the swap is determined to be an effective hedging instrument. Where the hedge is effective, fair value losses and gains are recognised in Other Comprehensive Income. Interest rate swaps are designated as hedges of highly probable forecast transactions (cash flow hedges).

Hedge accounting

The Bank determines that any proposed hedging instrument to be used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item before entering the hedge. The relationship between the hedging instrument and the hedged item, its risk management objectives, and its strategy is documented at the inception of the hedge. Existing hedges are tested on a retrospective basis to ensure that gains and losses on any ineffective portion of hedges are reported through profit and loss. Movements in the hedging reserve are provided in Note 19 Reserves.

Cash flow hedges

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item. Hedge accounting is discontinued when the hedging relationship is revoked, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

11. Property, plant and equipment

	2026 \$m	2025 \$m
Land and buildings, at fair value	31.6	46.0
Less: Accumulated depreciation	(0.8)	(0.7)
Total land and buildings	30.8	45.3
Plant and equipment at cost	33.2	34.3
Less: Accumulated depreciation	(25.8)	(31.8)
Total plant and equipment	7.4	2.5
Capitalised leasehold improvements, at cost	11.0	1.8
Less: Accumulated amortisation	(1.9)	(0.9)
Total capitalised leasehold improvements	9.1	0.9
Total property, plant and equipment	47.3	48.7

a. Movement in asset balances during the year

	Land and Buildings \$m	Plant & equipment \$m	Leasehold improvement \$m	Total \$m
Carrying amount at 1 July 2024	57.2	5.2	0.5	62.9
Additions	–	1.1	0.7	1.8
Transfer	2.1	(2.1)	–	–
Less: Held for sale	(9.6)	–	–	(9.6)
Less: Assets disposed	(0.8)	(0.1)	–	(0.9)
Less: Depreciation charge	(0.4)	(1.6)	(0.3)	(2.3)
Less: Revaluation decrement	(3.2)	–	–	(3.2)
Carrying amount at 30 June 2025	45.3	2.5	0.9	48.7
Carrying amount at 1 July 2025	45.3	2.5	0.9	48.7
Additions	–	6.2	8.9	15.1
Receipts from transfer upon merger	27.4	0.5	0.3	28.2
Less: Investment property	(5.1)	–	–	(5.1)
Less: Held for sale	(36.6)	–	–	(36.6)
Less: Assets disposed	–	(0.3)	–	(0.3)
Less: Depreciation charge	(0.2)	(1.5)	(1.0)	(2.7)
Carrying amount at 30 June 2026	30.8	7.4	9.1	47.3

Recognition and measurement

Land and buildings class is measured at fair value, net of accumulated depreciation and impairment losses. Any revaluation increments are credited to the property revaluation reserve, unless they reverse a previous decrease in value in the same asset previously debited to profit or loss. Revaluation decreases are debited to profit or loss unless they directly offset a previous revaluation increase in the same asset in the property revaluation reserve. Revaluations are performed every three years by an independent valuer. In addition, an internal assessment is performed yearly to test that the amount is approximate to fair value. The Bank's existing properties were last independently revalued during the 2025 financial year. Properties acquired through the merger with Australian Mutual Bank Ltd were independently valued in 2024 and recognised at acquisition-date fair value as part of the merger accounting.

The valuation is classified as Level 3 in the fair value hierarchy, as it uses valuation techniques that include significant unobservable inputs. Fair value is determined having regard to market evidence for comparable properties, adjusted for property-specific factors including location, condition, use, tenancy profile and market conditions at the valuation date.

Plant, equipment and leasehold improvement classes are measured at cost, net of accumulated depreciation and impairment losses.

Buildings, plant, equipment and leasehold improvements are depreciated on a straight-line basis, net of their residual values, over their expected useful life. Residual values and useful lives are reviewed and adjusted at each reporting date where appropriate. Estimated useful lives as at balance date are:

- Buildings – 40 years
- Leasehold improvements – the term of the lease or expected life if it is shorter
- Plant and equipment – 2.5 to 15 years.

12. Investment property

	2026 \$m	2025 \$m
Investment property	5.1	–
Total	5.1	–

Investment property comprises properties acquired through the merger with Australian Mutual Bank Ltd that are held to earn rental income and/or for capital appreciation, rather than for use in the Bank's business operations. Investment property is initially recognised at cost, including acquisition-date fair value where acquired through a business combination, and is subsequently measured at fair value with changes recognised in profit or loss.

The fair value measurement of investment property is classified as Level 3 in the fair value hierarchy. The carrying amount at 30 June 2026 was determined having regard to acquisition-date fair values recognised as part of the merger accounting, with reference to the most recent independent valuation obtained in 2024 and management's assessment of relevant market and property-specific factors. Management assessed whether there were any indicators of material change in fair value between the acquisition date and 30 June 2026 and concluded that no material adjustment was required.

13. Leases

a. Right-of-use assets

	2026 \$m	2025 \$m
Office buildings	27.1	3.5
Less: accumulated depreciation	(5.2)	(2.7)
Total office buildings	21.9	0.8
Office equipment	0.3	0.3
Less: accumulated depreciation	(0.2)	(0.1)
Total office equipment	0.1	0.2
Total right-of-use assets	22.0	1.0

Movements in the asset balances during the year were:

	Office buildings \$m	Office equipment \$m	Total \$m
Opening balance at 1 July 2024	0.9	0.2	1.1
Additions	0.5	–	0.5
Less: depreciation charge	(0.5)	(0.1)	(0.6)
Closing balance at 30 June 2025	0.9	0.1	1.0
Opening balance at 1 July 2025	0.9	0.1	1.0
Additions	21.7	–	21.7
Receipts from transfer upon merger	2.2	–	2.2
Less: depreciation charge	(2.8)	(0.1)	(2.9)
Closing balance at 30 June 2026	22.0	–	22.0

The Bank leases office premises and office equipment. Other than short-term leases and leases of low-value underlying assets, leases are recognised on the Statement of Financial Position as right-of-use assets and corresponding lease liabilities. Variable lease payments that do not depend on an index or rate are excluded from the initial measurement of the right-of-use asset and lease liability. Right-of-use assets are classified consistently with the Bank's property, plant and equipment, as disclosed in Note 11 Property, plant and equipment.

During the year, the Bank entered into new lease arrangements across its office and branch network, including the relocation of its head office to new premises at Shelley Street, Sydney. These arrangements resulted in the recognition of additional right-of-use assets and lease liabilities.

The Bank's lease agreements do not impose significant restrictions or covenants, other than the lessor's security interests in the leased assets. Leased assets may not be pledged as security for borrowing purposes.

Certain leases include extension or termination options that are exercisable by the Bank. The table below summarises the nature of the Bank's leasing activities by type of right-of-use asset recognised on the Statement of Financial Position.

Right-of-use asset	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Office and branch premises	1 to 7 years	2 years	2	–	1	–
Office equipment	2 years	2 years	–	–	–	–

b. Lease liabilities

	2026 \$m	2025 \$m
Current	3.7	0.5
Non-current	23.3	0.7
Total lease liabilities	27.0	1.2

Future minimum lease payments at 30 June were as follows:

	MINIMUM LEASE PAYMENT DUE			
	Within 1 year \$m	Between 2 and 5 years \$m	After 5 years \$m	Total \$m
30 June 2026				
Lease payments	(5.0)	(18.0)	(9.2)	(32.2)
Finance charges	1.3	3.4	0.5	5.2
Net present value	(3.7)	(14.6)	(8.7)	(27.0)

	MINIMUM LEASE PAYMENT DUE			
	Within 1 year \$m	Between 2 and 5 years \$m	After 5 years \$m	Total \$m
30 June 2025*				
Lease payments	(0.6)	(0.7)	–	(1.3)
Finance charges	0.1	–	–	0.1
Net present value	(0.5)	(0.7)	–	(1.2)

* Prior year comparatives have been restated.

The total cash outflow for leases in 2026, including leases of low-value assets was \$1,021,809 (2025: \$1,311,719).

Recognition and measurement

At inception of a contract, the Bank assesses whether the contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition the Bank assesses whether the contract meets three key evaluations which are:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank;
- The Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Bank as lessee

Contracts may contain both lease and non-lease components. At the commencement or modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property, the Bank has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs, and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, unless the lease transfers ownership of the underlying asset to the Bank at the end of the lease term or the Bank is reasonably certain to exercise a purchase option. In that case, the right-of-use asset is depreciated over the underlying asset's useful life, which is determined on the same basis as that of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank's incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank obtains interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Bank under residual value guarantees
- The exercise price of a purchase option if the Bank is reasonably certain to exercise that option
- Payments of penalties for terminating the lease unless the Bank is reasonably certain not to terminate the lease early.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured if:

- There is a change in future lease payments arising from a change in an index or rate
- There is a change in the estimate of the amount expected to be payable under a residual value guarantee
- There is a change in the Bank's assessment of whether it will exercise a purchase, extension or termination option
- There is a revision in substance in the fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, unless the right-of-use asset has been reduced to zero, in which case the adjustment is recorded in profit or loss.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise IT equipment and small items of office furniture.

	2026 \$m	2025 \$m
Leases of low-value assets	0.6	0.7
Total short-term leases and leases of low-value assets	0.6	0.7

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate)
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate)
- Otherwise, the Bank considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The Bank assesses at the lease commencement date whether it is reasonably certain to exercise the extension options or not exercise a termination option.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs that affects this assessment, and that it is within the control of the Bank.

During the current financial year, the effect of revising lease terms and the incremental borrowing rate was an increase of \$105,000 in the recognised lease liabilities and right-of-use assets (2025: an increase of \$12,280).

14. Borrowings

Recognition and measurement

All borrowings are initially recognised at cost, being the fair value of the consideration received net of direct incremental issue costs associated with the borrowings. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Standby borrowing facilities

The Bank has borrowing facilities as follows:

	2026 \$m	2025 \$m
Overdraft facility		
Gross facility amount	5.0	5.0
Less: current borrowing	–	–
Net available standby borrowing facilities	5.0	5.0

The Bank has an overdraft facility with Cuscal Limited and maintains a security deposit of \$73.4 million (2025: \$55 million) with Cuscal Limited to secure this facility and settlement services. No other form of security is provided by the Bank. Interest rates are variable. As at 30 June 2026, this facility was not utilised.

15. Wholesale sector funding

	2026 \$m	2025 \$m
Negotiable certificates of deposit on issue	742.1	528.4
Floating rate notes on issue	982.0	707.9
Wholesale deposits	394.1	197.1
Total wholesale sector funding	2,118.2	1,433.4

Recognition and measurement

Deposits from other financial institutions

Deposits from other financial institutions include term deposits, floating rate notes (FRNs) and negotiable certificates of deposit (NCDs). Deposits are initially recognised at their fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Interest incurred is recognised within net interest income using the effective interest method.

Debt issues are initially measured at fair value and subsequently measured at amortised cost.

Premiums, discounts and associated issue expenses are recognised in the income statement using the effective interest method from the date of issue to ensure the carrying value of securities equals their redemption value by maturity date. Interest is recognised in the income statement using the effective interest method. Any profits or losses arising from redemption prior to maturity are taken to the income statement in the period in which they are realised.

16. Retail deposits

Retail deposits at amortised cost

	2026 \$m	2025 \$m
At call	7,283.5	5,679.1
Term	3,904.0	3,493.4
Member withdrawable shares	2.1	2.1
Total retail deposits	11,189.6	9,174.6

Recognition and measurement

All retail deposits are initially recognised at the fair value of the amount received, adjusted for any transaction costs. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest method.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest expense on savings is brought to account on an accrual basis. Interest is recognised on an effective interest basis.

17. Creditors, accruals and settlement accounts

	2026 \$m	2025 \$m
Creditors and accruals	8.7	7.2
Unearned income	1.7	1.4
Settlement accounts	41.7	26.0
Total creditors, accruals and settlement accounts	52.1	34.6

18. Provisions

	2026 \$m	2025 \$m
Employee entitlements	29.3	23.4
Lease make good of premises	2.2	0.4
Broker trail commission	40.3	35.3
Consumer remediation	0.5	0.4
Sundry	0.5	–
Total provisions	72.8	59.5

Recognition and measurement

Provisions are recognised when the Bank has a present legal or constructive obligation because of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions payable later than one year have been measured at the present value by discounting the expected future cash outflows at a rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Employee entitlements

Employee entitlements expected to be settled within 12 months of the end of the reporting period have been measured at their nominal amount. Employee entitlements not expected to be settled within 12 months of the end of the reporting period are stated at present value, using expected settlement timings and discount rates equivalent to high-quality corporate bonds of a similar term. Employee entitlements consist of sick leave, annual leave and long service leave. Sick leave is short-term, non-vesting and accumulating.

Superannuation contributions are made by the Bank to defined contribution superannuation funds and are charged as expenses when incurred.

Provision for long service leave is on a pro-rata basis from commencement of employment with the Bank based on the present value of its estimated future cash flows.

Annual leave is accrued in respect of all employees on a pro-rata entitlement for part years of service and leave entitlement due but not taken at the reporting date. Annual leave is reflected as part of provisions.

Leasehold make good

The Bank is required to restore the lease premises of its office buildings to their original condition at the end of the respective lease terms. Provision for make good costs on operating leases is recognised based on the net present value of future expenditure at the conclusion of the lease term, discounted at interest rates attached to government-guaranteed securities for terms to maturity approximating the terms of the related liability. Increases in the provision in future years are recognised as part of the interest expense.

Broker trail commission

Broker trail commission has been measured at the present value of the estimated future cash outflows, discounted using government securities of a similar term.

Consumer remediation

The Bank undertakes ongoing compliance activities, including review of products, advice, conduct and services provided to clients, as well as interest, fees and premiums charged, including insurance distribution. Items requiring remediation are self-identified through these compliance activities and thorough reviews of member feedback.

Some of these investigations and reviews have resulted in remediation programs and where required, the Bank consults with the respective regulator on the proposed remediation action.

Provisions are recognised when it is probable an outflow will be required to address a past event and where a reliable estimate is available.

19. Reserves

	Cash flow hedge reserve \$m	Redeemed member share reserve \$m	Property revaluation reserve \$m	Equity FVOCI reserve \$m	Total reserves \$m
Balance at 1 July 2024	–	1.0	25.9	3.2	30.1
Cash flow hedges:					
– Current year gains / (losses)	(0.1)	–	–	–	(0.1)
Financial assets FVOCI:					
– Through Other Comprehensive Income	–	–	(3.0)	10.5	7.5
Transfers (to) from retained earnings	–	0.3	0.3	(6.0)	(5.4)
Balance at 30 June 2025	(0.1)	1.3	23.2	7.7	32.1
Balance at 1 July 2025	(0.1)	1.3	23.2	7.7	32.1
Cash flow hedges:					
– Current year gains / (losses)	(5.3)	–	–	–	(5.3)
Financial assets FVOCI:					
– Through Other Comprehensive Income	–	–	1.0	3.6	4.6
– Receipts from transfer upon merger	–	–	8.1	8.5	16.6
Transfers (to) from retained earnings	–	0.1	(3.3)	(19.5)	(22.7)
Balance at 30 June 2026	(5.4)	1.4	29.0	0.3	25.3

Recognition and measurement

Cash flow hedge reserve

The cash flow hedge reserve reflects unrealised gains and losses on interest rate hedges relating to forecast future cash flows. The effective portion of movements in the fair value of these hedging instruments is recognised in other comprehensive income and accumulated in the reserve until the hedged cash flows occur.

Redeemed member share reserve

The redeemed member share reserve represents the value of redeemable preference shares redeemed since 1 July 1999. This is the value of these shares paid to members and the balance of the account represents the amount of profit appropriated to the account. Share redemptions must be funded from profits. Redeemable preference shares currently on issue are disclosed in Note 16 Retail Deposits.

Property revaluation reserve

Property revaluation reserve represents changes in the value of the property. When a revalued asset is subsequently disposed of, any remaining revaluation surplus is credited to retained earnings.

Equity FVOCI reserve

The Equity Fair Value through Other Comprehensive Income (FVOCI) reserve represents the cumulative net changes in the fair value of investments in equity net of deferred tax liability. For equity instruments, the amounts are subsequently transferred to retained earnings, and not profit or loss, when the revalued asset is derecognised or impaired. Refer to Note 8 Other Financial Assets.

20. Financial risk management

Overview of risk management framework

The Bank is exposed to a range of strategic, financial and non-financial risks arising from its operations. The Bank manages these risks through its Risk Management Framework, which is aligned with the business operating environment, industry standard approaches and community expectations. Further details on the Risk Management Framework can be found in the Risk excellence report of this Annual Report.

This note provides an overview of the financial risk management policies, practices and quantitative information for the Bank's key financial risk exposures.

a. Credit risk

Credit risk is the risk that counterparties will be unable to meet their contractual obligations when they fall due, resulting in financial loss. Credit risk arises principally from the Bank's lending and investment activities which are managed according to the Board-approved credit risk management framework.

Credit risk management framework

Credit risk is managed through a structured framework of systems and controls including:

- Board approved credit policies
- Board approved credit delegations and limits
- Documented principles, methodologies, processes, systems, roles and responsibilities, and key controls for managing credit risk
- Comprehensive credit assessment process
- Monitoring by business units and oversight by Risk on a portfolio basis, including geography, sector and loan valuation concentrations
- A review of wholesale limits and ratings at least once a year by the Assets and Liabilities Committee

Loans and advances – credit risk

Credit risk on loans and advances arises from the potential that a borrower will fail to meet their obligations in accordance with the agreed terms. The key aspects of credit risk on loans and advances include:

(i) Concentration risk

Individual customers or groups of related customers

There are no customers or members who individually or collectively have loans which represent 10% or more of members' equity.

Specific employment sectors

Credit risk is concentrated towards members who are employed in the education, health and emergency services sectors. This concentration is considered acceptable on the basis that the Bank was formed to service these members, the sectors are essential and stable sectors, and employment concentration is not restricted to any one employer.

Geographical concentration

The Bank has historically had a high concentration of members and security property within NSW due to its origins in the NSW public education system. Notwithstanding the higher NSW exposure across the lending portfolio as a whole, the portfolio remains well diversified geographically with respect to lending exposures, with a loan-to-value ratio of greater than 70%.

(ii) Collateral held against loans and advances

The Bank holds collateral against certain loans and advances to customers in the form of mortgage interest over property, other registered securities over assets and guarantees.

The table below shows the proportion of secured and unsecured loans and advances across the portfolio.

	2026 \$m	2025 \$m
Secured by mortgage over business assets	16.8	0.2
Secured by mortgage over real estate	11,710.0	9,193.3
Partly secured by goods mortgage	13.9	9.3
Wholly unsecured	152.3	143.6
Total	11,893.0	9,346.4

Home loans

Home loans are generally secured by mortgage interests over property located in Australia, other registered securities over assets, and guarantees. Estimates of fair value of collateral are assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

For home loans with a loan to valuation ratio (LVR) of more than 80%, either lenders mortgage insurance (LMI) is taken out, or a portion of the loan is covered by an Australian Government housing guarantee.

The following table provides information on the level of collateral held and other credit risk mitigation in the form of LMI and Australian Government housing guarantees:

SECURITY HELD AS MORTGAGE AGAINST REAL ESTATE IS ON THE BASIS OF:	2026 \$m	2025 \$m
Loan to valuation ratio of 80% or less	9,639.7	7,257.2
Loan to valuation ratio of more than 80% but mortgage insured	689.2	820.4
Loan to valuation ratio of more than 80% with Australian Government Housing guarantee	1,273.9	1,016.7
Loan to valuation ratio of more than 80%, not mortgage insured and without Australian Government Housing guarantee	107.2	99.0
Total security held	11,710.0	9,193.3

Other consumer loans

Other consumer loans include personal loans and credit cards which are predominantly unsecured.

(iii) Loans and advances – credit quality

The tables below disclose the gross carrying amount of loans and advances measured at amortised cost, and off balance sheet exposures in line with the requirements of AASB 9 *Financial Instruments*.

30 June 2026	Stage 1 ¹ \$m	Stage 2 ¹ \$m	Stage 3 ¹ \$m	Total \$m
Credit exposure				
Home loans	11,342.9	261.1	83.6	11,687.6
Personal loans	84.2	1.3	0.7	86.2
Credit cards	59.3	0.9	0.2	60.4
Overdraft	20.8	0.3	0.1	21.2
Commercial loans	34.1	0.3	0.3	34.7
Finance leases	2.9	–	–	2.9
Total on balance sheet	11,544.2	263.9	84.9	11,893.0
Off balance sheet				
Undrawn commitments	1,350.8	22.0	0.2	1,373.0
Total loans and advances	12,895.0	285.9	85.1	13,266.0

30 June 2025	Stage 1 ¹ \$m	Stage 2 ¹ \$m	Stage 3 ¹ \$m	Total \$m
Credit exposure				
Home loans	8,894.3	236.5	60.9	9,191.7
Personal loans	84.8	1.0	0.6	86.4
Credit cards	53.3	0.5	0.2	54.0
Overdraft	14.0	0.2	0.1	14.3
Total on balance sheet	9,046.4	238.2	61.8	9,346.4
Off balance sheet				
Undrawn commitments	1,175.9	13.5	0.4	1,189.8
Total loans and advances	10,222.3	251.7	62.2	10,536.2

¹ For definitions of Stage 1, 2 and 3, refer to Note 6. Expected Credit Losses.

Investments – credit risk

The Bank maintains a treasury credit risk policy to limit risk associated with the investment of funds that are required to be held as high quality liquid investments to be eligible for inclusion in the regulatory liquidity calculation. Limits are applied across individual countries, individual counterparty, credit grading class and tenor dimensions. The Assets and Liabilities Committee approves individual credit limits, reviews large exposures to counterparties and oversees the annual review of counterparties.

Investments – credit quality

The exposure values associated with each credit quality step are as follows:*

30 June 2026 INVESTMENTS RATED:	No. of institutions	Carrying value \$m
A-1+ to A-1 (short-term)	6	510.2
A-2 (short-term)	19	367.7
AAA (long-term)	2	80.5
AA+ to AA- (long-term)	12	1,124.2
A+ to A- (long-term)	9	138.4
BBB+ to BBB (long-term)	9	159.8
Total investments – credit quality		2,380.8

30 June 2025 INVESTMENTS RATED:	No. of institutions	Carrying value \$m
A-1+ to A-1 (short-term)	8	481.1
A-2 (short-term)	14	245.0
AAA (long-term)	3	68.6
AA+ to AA- (long-term)	9	815.9
A+ to A- (long-term)	7	232.3
BBB+ to BBB (long-term)	5	134.6
Total investments – credit quality		1,977.5

* Table indicates Standard and Poor's (Australia) Pty Ltd equivalent rating as determined by APRA's credit rating grade tables. Exposures may be rated by Standard and Poor's (Australia) Pty Ltd, Moody's Investors Service Incorporated or Fitch Ratings Ltd.

b. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Bank has insufficient capacity to fund increases in assets.

Key controls and risk mitigation strategies include:

- Defined liquidity risk tolerance and appetite
- The Bank's annual three-year funding strategy
- Maintaining a diverse and stable pool of funding across counterparties, geographies and products
- Monitoring short-term and long-term forecasted cash flows
- Conservatively managing the maturity mismatch between the Bank's financial assets and liabilities
- Maintaining adequate cash reserves, liquidity support facilities and borrowing facilities (Note 14 describes the borrowing facilities available)
- Daily monitoring of liquidity ratios
- Maintaining a portfolio of high-quality liquid assets and repo-eligible securities that qualify as collateral for repurchase agreements with the RBA
- Maintaining a securitisation trust where the issued notes qualify as collateral for exceptional liquidity assistance from the RBA (Note 29 Transfers of Financial Assets details the balance of loans securitised).

As an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA), we are required to comply with the requirements of prudential standard APS 210 Liquidity (APS 210). As a Minimum Liquidity Holding ADI, the Bank must maintain a minimum holding of 9% of its liabilities in specified liquid assets, in accordance with APS 210.

Contractual maturity of financial assets and liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual term and, in the case of loans, the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities will mature. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming repayments are maintained, and is subject to change in the event that current repayment conditions are varied.

Financial assets and liabilities are stated at undiscounted values (including future interest expected to be earned or paid), and will not equate to values in the Statement of Financial Position.

30 June 2026	Within 1 month \$m	> 1 to 3 months \$m	> 3 to 12 months \$m	> 1 to 5 years \$m	> 5 years \$m	No Maturity \$m	Total \$m	Statement of financial position \$m
Assets								
Cash and cash equivalents	257.9	–	–	–	–	–	257.9	257.9
Receivables	32.1	4.8	14.6	142.2	11.1	0.5	205.3	42.8
Other financial assets	291.8	344.8	409.8	1,032.3	45.3	2.3	2,126.3	2,126.3
Loans and advances to members	91.8	182.7	815.1	3,850.4	17,519.7	–	22,459.7	11,943.0
Derivative assets held for hedging purposes	2.2	4.8	18.8	26	–	–	51.8	1.7
Total financial assets	675.8	537.1	1,258.3	5,050.9	17,576.1	2.8	25,101.0	14,371.7
Liabilities								
Wholesale sector funding	230.7	374.8	770.5	876.2	–	–	2,252.2	2,118.2
Retail deposits	6,052.1	1,034.9	3,044.6	1,126.3	–	4.0	11,261.9	11,189.6
Creditors, accruals and settlement accounts	52.1	–	–	–	–	–	52.1	52.1
Derivative liabilities held for hedging purposes	2.6	5.5	22.0	32.3	–	–	62.4	7.2
Total financial liabilities	6,337.5	1,415.2	3,837.1	2,034.8	–	4.0	13,628.6	13,367.1

30 June 2025	Within 1 month \$m	> 1 to 3 months \$m	> 3 to 12 months \$m	> 1 to 5 years \$m	> 5 years \$m	No Maturity \$m	Total \$m	Statement of financial position \$m
Assets								
Cash and cash equivalents	132.2	–	–	–	–	–	132.2	132.2
Receivables	12.2	1.7	12.4	110.7	17.7	–	154.7	19.7
Other financial assets	192.8	178.5	472.8	947.3	54.5	13.7	1,859.6	1,859.6
Loans and advances to members	70.5	140.3	626.0	2,924.0	13,065.4	–	16,826.2	9,392.3
Derivative assets held for hedging purposes	1.0	2.2	5.9	2.6	–	–	11.7	0.5
Total financial assets	408.7	322.7	1,117.1	3,984.6	13,137.6	13.7	18,984.4	11,404.3
Liabilities								
Wholesale sector funding	131.9	292.0	747.7	308.4	–	–	1,480.0	1,433.4
Retail deposits	4,579.5	1,026.3	2,449.6	1,169.3	–	3.8	9,228.5	9,174.6
Creditors, accruals and settlement accounts	34.6	–	–	–	–	–	34.6	34.6
Derivative liabilities held for hedging purposes	1.0	2.2	6.7	3.3	–	–	13.2	0.6
Total financial liabilities	4,747.0	1,320.5	3,204.0	1,481.0	–	3.8	10,756.3	10,643.2

c. Market risk

The predominant market risk the Bank is exposed to is interest rate risk in the banking book. Interest rate risk is the potential change in the Bank's net interest income and capital position arising from changes in interest rates. Market risk is the risk that market rates and prices will change and that this may have an adverse effect on the profitability of the Bank. The Bank has limited exposure to currency or other price risk. The Bank uses derivative financial instruments to manage interest rate risk and to stabilise income and value through interest rate cycles. Derivative financial instruments are not entered into for trading or speculative purposes. Rather, hedging activity is undertaken for the sole purpose of reducing the Bank's interest rate risk exposures relative to defined risk tolerances. Key controls and risk mitigation strategies include:

- A Board-approved risk appetite and risk management framework for interest rate risk, with controls defined in the Interest Rate Risk Management Policy and Risk Appetite Statement
- Monitoring of market risk exposures against Board-approved limits, including earnings at risk and economic value, value at risk and sensitivity analysis, with monthly position reporting provided to ALCo and Board
- Monitoring of product totals to targets and the impact on current and future profitability from possible interest rate changes
- Execution of hedging strategy, with the use of derivative financial instruments (swaps) to maintain interest rate risk within approved appetite and tolerance limits
- Pricing appropriately for risk.

Earnings at Risk (EaR)

EaR measures the adverse change to the Bank's net interest income over a predefined time horizon, given a material parallel yield curve shift in interest rates. The results are monitored against the Board's risk appetite each month during FY2025/26.

As at 30 June 2026, the EaR interest rate risk measure based on a 100bps downwards parallel shift during a 12-month period was \$14.4 million (2025: \$24.5 million).

Economic Value Sensitivity

Economic Value Sensitivity measures the degree to which changes to interest rates can affect the economic value of the Bank's capital. The Bank's Economic Value Sensitivity approach is calculated based on a predefined material parallel yield curve. The results are measured against capital and monitored against the Board's risk appetite each month.

Value at Risk (VaR)

Value at Risk is a statistical technique used to measure the potential adverse change in the Bank's economic value resulting from interest rate movements over a defined horizon and confidence level. The Bank employs two historical interest rate simulation methodologies: (i) a 1,500 business day observation period with a 99% confidence level and 250-day holding period, and (ii) a 250 business day observation period with a 99% confidence level and a 20-day holding period.

The VaR results are expressed as a proportion of the Bank's capital and monitored against the Board's risk appetite each month.

The table below represents the close, average, minimum and maximum VaR using scenario 2 as measured at the end of each month over the financial year:

	2026	2025
As at 30 June	0.63%	0.30%
Average	0.88%	0.26%
Minimum	0.29%	0.15%
Maximum	1.45%	0.44%

Modelling

In determining exposures, the Bank combines cash flows into time buckets based on the expected repricing periods. Consideration is given for both customer and market behaviour, which may differ from the contractual dates as this better reflects the risk in the portfolio.

Interest rate change profile of financial assets and liabilities

Financial asset and liability contracts allow interest rates to be amended on maturity, at predefined points in time or after proper notice is given. The table below reflects the value of funds where interest rates may be altered within prescribed time bands, being the earlier of the contractual repricing date or the maturity date.

	Within 1 month \$m	> 1 to 3 months \$m	> 3 to 12 months \$m	> 1 to 5 years \$m	> 5 years \$m	Non-interest bearing \$m	Total \$m
30 June 2026							
Assets							
Cash and cash equivalents	257.9	–	–	–	–	–	257.9
Receivables	–	–	–	–	–	42.8	42.8
Other financial assets	532.0	1,411.1	50.6	125.9	4.4	2.3	2,126.3
Loans and advances to members	9,807.5	45.1	500.5	1,535.9	4.0	–	11,893.0
Derivative assets held for hedging purposes	1.6	0.1	–	–	–	–	1.7
Total financial assets	10,599.0	1,456.3	551.1	1,661.8	8.4	45.1	14,321.7
Liabilities							
Wholesale sector funding	601.3	967.6	489.4	38.3	–	21.6	2,118.2
Retail deposits	6,051.2	1,029.0	2,983.4	1,122.0	–	4.0	11,189.6
Creditors, accruals and settlement accounts	–	–	–	–	–	52.1	52.1
Derivative liabilities held for hedging purposes	6.8	0.4	–	–	–	–	7.2
On-statement of financial position	6,659.3	1,997.0	3,472.8	1,160.3	–	77.7	13,367.1
Undrawn loan commitments (see Notes 24a, 24b, 24c)	1,380.2	–	–	–	–	–	1,380.2
Total financial liabilities	8,039.5	1,997.0	3,472.8	1,160.3	–	77.7	14,747.3

30 June 2025	Within 1 month \$m	> 1 to 3 months \$m	> 3 to 12 months \$m	> 1 to 5 years \$m	> 5 years \$m	Non-interest bearing \$m	Total \$m
Assets							
Cash and cash equivalents	131.6	–	–	–	–	0.6	132.2
Receivables	–	–	–	–	–	19.7	19.7
Other financial assets	445.4	1,330.1	69.9	0.5	–	13.7	1,859.6
Loans and advances to members	8,496.0	136.2	376.9	335.4	1.8	0.1	9,346.4
Derivative assets held for hedging purposes	0.5	–	–	–	–	–	0.5
Total financial assets	9,073.5	1,466.3	446.8	335.9	1.8	34.1	11,358.4
Liabilities							
Wholesale sector funding	428.4	692.2	271.6	30.4	–	10.8	1,433.4
Retail deposits	4,578.5	1,019.5	2,407.8	1,165.0	–	3.8	9,174.6
Creditors, accruals and settlement accounts	–	–	–	–	–	34.6	34.6
Derivative liabilities held for hedging purposes	0.6	–	–	–	–	–	0.6
On-statement of financial position	5,007.5	1,711.7	2,679.4	1,195.4	–	49.2	10,643.2
Undrawn loan commitments (see Notes 24a, 24b, 24c)	1,189.8	–	–	–	–	–	1,189.8
Total financial liabilities	6,197.3	1,711.7	2,679.4	1,195.4	–	49.2	11,833.0

21. Capital management

Capital adequacy

In accordance with APS 110 (Capital Adequacy), ADIs including the Bank must maintain a minimum total prudential capital ratio (PCR) of 8%. APRA may also determine higher PCRs for an ADI, including the Bank. APRA does not allow an ADI to publicly disclose its PCR.

APRA also requires ADIs to hold additional CET1 buffers consisting of a capital conservation buffer and a countercyclical capital buffer.

Capital resources

Regulatory capital is measured using the tiers outlined in the following table.

Level of capital	Definition
Tier 1 capital	The majority of the Bank's Tier 1 capital consists of Common Equity Tier 1 (CET 1) capital, which comprises retained earnings and reserves.
Tier 2 capital	Consists of provisions eligible for inclusion in Tier 2 capital.

Risk-Weighted Assets

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures, plus an allowance for operational risk as prescribed by APRA.

The Bank evaluates its approach to capital management through its Internal Capital Adequacy Assessment Process. Features include:

- The development of a capital management strategy, including consideration of regulatory capital requirements, buffers, contingency plans and capital raising strategies

- Consideration of an appropriate level and quality of capital commensurate with the level and extent of risks to which the Bank is exposed from its activities
- A stress testing governance framework that challenges capital targets and minimum prudential capital requirements.

The Board sets an operating capital range, allowing a buffer above minimum PCR to absorb unexpected losses arising from various scenarios. If such an event arises, the buffer enables the Bank to continue to operate in a sound and viable manner while the business responds to the event.

The Bank's capital position is monitored on a continuous basis and reported monthly to the Assets and Liabilities Committee and the Board. The Bank's capital ratios throughout the financial year were in compliance with both APRA minimum PCR and the Board-approved tolerance. The Bank is required to inform APRA immediately of any breaches or potential breaches of its minimum PCR, including details of any remedial actions taken or planned to be taken.

	2026		2025	
	\$m	Ratio %	\$m	Ratio %
Common Equity Tier 1 Capital	996.2	18.80	734.4	16.90
Tier 1 capital	996.2	18.80	734.4	16.90
Total capital	1,003.2	18.93	739.2	17.01

22. Categories of financial instruments

The following information classifies the financial instruments into measurement classes.

	Note	2026 \$m	2025 \$m
FINANCIAL ASSETS			
Financial assets – carried at amortised cost			
Cash and cash equivalents	4	257.9	132.2
Receivables	7	42.8	19.7
Other financial assets	8	2,124.1	1,845.9
Loans and advances to members	5	11,943.0	9,392.3
Total carried at amortised cost		14,367.8	11,390.1
Financial assets – carried at fair value			
Other financial assets			
– Shares in unlisted (2025: listed) companies at fair value through other comprehensive income	8	2.2	13.7
Derivative assets held for hedging purposes	10	1.7	0.5
Total financial assets		14,371.7	11,404.3

	Note	2026 \$m	2025 \$m
FINANCIAL LIABILITIES			
Financial liabilities – carried at amortised cost			
Wholesale sector funding	15	2,118.2	1,433.4
Retail deposits	16	11,189.6	9,174.6
Creditors, accruals and settlement accounts	17	52.1	34.6
Total carried at amortised cost		13,359.9	10,642.6
Financial liabilities – carried at fair value			
Derivative liabilities held for hedging purposes	10	7.2	0.6
Total financial liabilities		13,367.1	10,643.2

23. Fair value of financial assets and liabilities

Fair value is required to be disclosed where financial instruments are not reported at fair value in the Statement of Financial Position unless the carrying amount is a reasonable approximation of fair value. Fair values reported below are measured using Level 1 to Level 3 inputs.

Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability. Significant assumptions used in determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts. The information is only relevant to circumstances at the balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets are regularly traded by the Bank and there is no active market to assess the value of the financial assets and liabilities. The values reported have not been adjusted for the changes in credit ratings of the assets.

	2026 \$m	2026 \$m	2025 \$m	2025 \$m
Assets	Fair value	Carrying value	Fair value	Carrying value
Cash and cash equivalents	257.9	257.9	132.2	132.2
Receivables	42.8	42.8	19.7	19.7
Other financial assets	2,128.3	2,126.3	1,862.6	1,859.6
Loans and advances to members	11,907.0	11,943.0	9,387.3	9,392.3
Derivative assets held for hedging purposes	1.7	1.7	–	–
Total financial assets	14,337.7	14,371.7	11,401.8	11,403.8
Liabilities				
Wholesale sector funding	2,114.2	2,118.2	1,436.4	1,433.4
Retail deposits	11,194.6	11,189.6	9,182.6	9,174.6
Creditors, accruals and settlement accounts	52.1	52.1	34.6	34.6
Derivative liabilities held for hedging purposes	7.2	7.2	–	–
Total financial liabilities	13,368.1	13,367.1	10,653.6	10,642.6

Fair value estimates were determined using the following methodologies and assumptions:

Liquid assets and receivables from other financial institutions

The carrying value of cash is the amount shown in the Statement of Financial Position. The fair value of bonds was calculated using quoted market prices. The fair value of discount securities was calculated using a discounted cash flow model. The discount rates applied were based on the current benchmark rate offered for the actual remaining term of the portfolio as at balance date.

Loans and advances

The carrying value of loans and advances is net of unearned income and provision for expected credit losses. For variable rate loans (excluding impaired loans) the amount shown in the Statement of Financial Position 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 maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term of the portfolio.

Borrowings and retail deposits

Wholesale sector funding and retail deposits: the fair value of call and variable rate deposits is the amount shown in the Statement of Financial Position. The quoted gross price was used to calculate the fair value of long-term debt securities. Discounted cash flows were used to calculate the fair value of term deposits, based upon the deposit type and the rate applicable to its related period to maturity.

Short-term borrowings: the carrying value of payables due to other financial institutions approximates their fair value as they are short-term in nature and reprice frequently.

Long-term borrowings: the carrying value approximates their fair value.

Derivatives held for hedging purposes

Cash flow hedge: Interest rate swaps fair value is determined using the present value of the future cash flows the Bank expects to pay or receive based on current interest rates. This value is equivalent to the amount that the Bank would need to pay to terminate the swap.

Financial assets and liabilities measured at fair value on the statement of financial position

Fair value measurement at end of the reporting period using:	2026			
	\$m	\$m	\$m	\$m
FINANCIAL ASSETS AT FVOCI	Balance	Level 1	Level 2	Level 3
Shares in unlisted companies	2.2	–	–	2.2
Derivative assets	1.7	–	1.7	–
Total financial assets	3.9	–	1.7	2.2

Fair value measurement at end of the reporting period using:				
	\$m	\$m	\$m	\$m
FINANCIAL LIABILITIES AT FVOCI	Balance	Level 1	Level 2	Level 3
Derivative liabilities	7.2	–	7.2	–
Total financial liabilities	7.2	–	7.2	–

Fair value measurement at end of the reporting period using:	2025			
	\$m	\$m	\$m	\$m
FINANCIAL ASSETS AT FVOCI	Balance	Level 1	Level 2	Level 3
Shares in listed companies	13.7	13.7	–	–
Derivatives	0.5	–	0.5	–
Total financial assets	14.2	13.7	0.5	–

Fair value measurement at end of the reporting period using:				
	\$m	\$m	\$m	\$m
FINANCIAL LIABILITIES AT FVOCI	Balance	Level 1	Level 2	Level 3
Derivative liabilities	0.6	–	0.6	–
Total financial liabilities	0.6	–	0.6	–

The fair value hierarchy has the following levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Shares in unlisted companies at fair value through OCI

The Bank has measured the shares at fair value using a net tangible asset valuation technique and classified them as level 3 (2025: Listed securities level 1). Refer to Note 8 Other Financial Assets.

Cash flow hedge derivatives

The fair value of derivative financial instruments (interest rate swaps) is calculated by applying discounted cash flow models using interest rates derived from market interest rates that match the remaining term of the swaps. Thus, the basis for determining the fair value of derivative financial instruments is classified as Level 2.

24. Financial commitments

a. Outstanding loan commitments

	2026 \$m	2025 \$m
Loans approved but not funded	217.6	241.4

b. Loan redraw facilities

	2026 \$m	2025 \$m
Loan redraw facilities available	845.0	669.5

c. Undrawn loan facilities

	2026 \$m	2025 \$m
LOAN FACILITIES AVAILABLE TO MEMBERS FOR OVERDRAFTS AND CREDIT CARDS ARE AS FOLLOWS:		
Total value of facilities approved	400.0	347.1
Less: Amount advanced	(82.4)	(68.2)
Net undrawn value	317.6	278.9

d. Future capital commitments

	2026 \$m	2025 \$m
THE BANK HAS ENTERED INTO A CONTRACT TO PURCHASE PLANT AND PROPERTY FOR WHICH THE AMOUNT IS TO BE PAID OVER THE FOLLOWING YEARS:		
Not later than one year	–	0.3
Total	–	0.3

e. Lease expense commitments for low-value assets

	2026 \$m	2025 \$m
OPERATING LEASES ON PROPERTY OCCUPIED BY THE BANK AND IT EQUIPMENT:		
Not later than one year	0.9	0.7
Later than 1 year but not five years	0.6	0.7
Total	1.5	1.4

25. Contingent liabilities

Liquidity support scheme

In the Australian mutual banking context, Credit Union Financial Support Scheme (CUFSS) is the Australian mutual banking industry's self-funded and industry-operated emergency liquidity support scheme for mutual ADIs.

The Bank resigned as a member of CUFSS, effective December 2025.

Reserve Bank repurchase agreement arrangements

To support liquidity management, the Bank maintains a portion of its mortgage-backed loans in a securitisation trust, with securities issued by the trust eligible for use as collateral for repurchase agreements with the Reserve Bank of Australia.

Guarantees provided for members

The Bank has issued guarantees on behalf of members and suppliers. All guarantees provided are fully secured against either an existing registered mortgage facility already held by the Bank, or by funds lodged as a term deposit with the Bank or other deposit funds. The total value of guarantees and authorities at 30 June 2026 amounted to \$1.4 million (2025: nil). The balance relates entirely to guarantees assumed on the merger with Australian Mutual Bank Ltd on 1 May 2026.

26. Key management personnel and related party transactions

a. Remuneration of key management personnel

Key management personnel (KMP) are those Directors and employees having authority and responsibility for planning, directing and controlling the activities of the Bank.

KMP have been taken to comprise the Directors and members of Executive Management responsible for the day-to-day financial and operational management of the Bank.

The aggregate compensation of KMP during the year comprising amounts paid, payable or provided for was as follows:

	2026 \$'000			2025 \$'000		
	Directors	Other KMP	Total	Directors	Other KMP	Total
Short-term employee benefits	766.8	5,593.0	6,359.8	809.7	6,069.5	6,879.2
Post-employment benefits	77.6	270.0	347.6	93.1	298.5	391.6
Other long-term benefits	–	772.5	772.5	–	213.0	213.0
Termination benefits	–	–	–	–	421.6	421.6
Total remuneration	844.4	6,635.5	7,479.9	902.8	7,002.6	7,905.4

Short-term employee benefits include salaries, paid annual leave and paid sick leave, the value of fringe benefits received, short-term variable remuneration earned during the period, and exclude out-of-pocket expense reimbursements. All remuneration to Directors was approved by members at the previous Annual General Meeting.

Post-employment benefits include contributions to superannuation.

Other long-term benefits include accrued long service leave. For employees who receive variable remuneration above a certain amount, a portion is deferred over the following four years and is subject to various conditions.

b. Loans to directors and other KMP

All loans approved and deposits accepted are on the same terms and conditions applying to members for each class of loan or deposit. There are no loans impaired relating to Directors or other KMP.

No benefits or concessional terms and conditions are applicable to related parties of KMP. There are no impaired loans relating to related parties of Directors and other KMP.

	2026 \$'000		2025 \$'000	
	Loans	Revolving credit facilities	Loans	Revolving credit facilities
Funds available to be drawn	–	3	–	2
Balance	2,737	1	2,794	1
Amounts disbursed or facilities increased in the year	–	–	2,973	–
Interest and other revenue earned	151	–	165	–

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

	2026 \$'000	2025 \$'000
Total value term and savings	1,761	417
Total interest paid on deposits	79	50

All transactions are approved and deposits accepted on the same terms and conditions that apply to members for each type of deposit.

d. Transactions with other related entities

Other transactions between related parties include deposits from director-related entities or related parties of directors, and other KMPs.

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

There are no benefits paid or payable to KMPs or their related parties that are not at arm's length. There are no service contracts to which KMPs or their related parties are an interested party.

27. Segmental reporting

The Bank operates predominantly in the retail banking and associated services industry within Australia. There are no material identifiable segments to report.

28. Superannuation arrangements

The Bank contributes to various employee-selected superannuation funds for the purpose of superannuation guarantee contributions and other superannuation benefits on behalf of employees. These funds are administered independently and the Bank has no interest in the funds other than as a contributor.

Following the merger with Australian Mutual Bank Ltd on 1 May 2026, the Bank assumed responsibility for employer obligations in respect of two former employees who are receiving defined benefit pensions under the State Authorities Superannuation Scheme (SASS). No new employees are eligible to join this scheme. SASS is administered by an independent corporate trustee.

The Bank has no interest in SASS other than as a contributor and may be required to fund any shortfall in reserves required to meet the relevant members' entitlements. At 30 June 2026, the plan was in surplus and no liability has been recognised in the Statement of Financial Position.

29. Transfers of financial assets

The Bank has established arrangements for the transfer of loan contractual benefits of interest and repayments to support ongoing liquidity facilities. These arrangements are as follows:

Securitised loans retained on the statement of financial position

EdSec Funding Trust No.1 (the Trust) has been established as a mechanism to obtain liquid funds from the RBA.

The value of securitised loans that do not qualify for derecognition is set out below. Loans comprise variable interest rate loans, with the book value and fair value of the loans being equivalent. During the year, the Bank assigned \$1,219 million of additional loans (2025: nil) to the Trust.

	2026 \$m	2025 \$m
Total amount of securitised loans under management	2,202.9	1,525.3

30. Reconciliation of cash from operations to accounting profit

	2026 \$m	2025 \$m
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax for the period	28.9	36.7
Adjustments for:		
Impairment of loans and advances	3.0	0.9
Depreciation, amortisation and impairment	6.6	3.2
Provision for employee entitlements	6.0	(1.7)
Other provisions	(1.9)	(2.1)
Profit on disposal of plant and equipment	(1.4)	(0.4)
Profit on disposal of other investments	0.1	–
NET CHANGES IN ASSETS AND LIABILITIES		
Receivables	(4.4)	0.8
Prepayments and other assets	(0.3)	–
Creditors, accruals and settlement accounts	1.2	2.7
Interest payable	13.4	(10.5)
Unearned income	0.3	0.1
Loans and advances to members	(1,153.0)	79.2
Retail deposits	376.2	27.1
Current income tax	5.7	(0.2)
Deferred taxes	(11.8)	1.5
Property revaluation reserve realised	–	0.3
Net cash from operating activities	(731.4)	137.6

31. Events occurring after balance date

No matters or circumstances have arisen since the end of the financial year and up until the date of this report which significantly affect the operations of the Bank, the results of those operations, or the state of affairs of the Bank in subsequent years.

32. Transfer of business

On 1 May 2026, Teachers Mutual Bank Limited merged with Australian Mutual Bank Ltd by way of a voluntary total transfer of business, with Teachers Mutual Bank Limited remaining as the continuing entity.

The merger legally took effect when Australian Mutual Bank Ltd transferred all of its assets and liabilities to Teachers Mutual Bank Limited in accordance with the Financial Sector (Transfer and Restructure) Act 1999 (Cth).

As a result of the merger, members of Australian Mutual Bank Ltd ceased to be members of that entity and each was issued a membership share in Teachers Mutual Bank Limited, thereby becoming members of the continuing mutual banking entity.

Strategic rationale

The merger was undertaken to strengthen the combined entity's capital position, increase scale and operational resilience, and enhance the capacity to invest in technology, regulatory compliance and member service capabilities in Australia's highly regulated banking environment.

The Boards of both organisations considered that operating as a combined entity would reduce duplication in regulatory, systems and operational costs, improve efficiency through greater scale, and support the long-term sustainability of a strong, member owned mutual bank while preserving mutual ownership principles and values.

Consideration transferred

No cash or other consideration was transferred as part of the merger. Control of Australian Mutual Bank Ltd was obtained through the statutory transfer of assets and liabilities and the issuance of membership interests to former Australian Mutual Bank Ltd members.

Acquisition related costs

Merger and integration costs of \$9.4 million were incurred during the year ended 30 June 2026. These costs have been expensed as incurred and are included in Note 2 Operating Profit Before Income Tax, within the relevant expense categories in the Statement of Income.

Contribution to financial performance

The contribution of Australian Mutual Bank Ltd to the revenue and profit or loss of the consolidated entity from 1 May 2026 to 30 June 2026 has not been separately disclosed. Due to post merger integration activities, standalone financial information for Australian Mutual Bank Ltd following the acquisition date cannot be reliably measured.

In addition, the information required to disclose revenue and profit or loss of the consolidated entity as if the merger had occurred at the beginning of the reporting period would require the use of significant estimates and assumptions. As a result of acquisition date fair value adjustments and integration impacts, this information cannot be determined reliably.

Fair value of identifiable assets and liabilities acquired

The acquisition date fair values of the identifiable assets acquired and liabilities assumed from Australian Mutual Bank Ltd were as follows:

	Fair Value Amount \$m
Assets	
Cash and cash equivalents	214.0
Receivables from other institutions	278.0
Loans and advances (net)	1,399.1
Property, plant and equipment	30.8
Other assets	27.3
Deferred tax assets	5.3
Total assets	1,954.5
Liabilities	
Member deposits	1,627.8
Borrowings	61.0
Trade and other payables	17.1
Provisions	5.1
Deferred tax liabilities	10.9
Total liabilities	1,721.9
Net identifiable assets acquired	232.6

The loans and advances acquired comprise gross contractual cash flows of \$1.43 billion, of which \$3.5 million is expected to be uncollectible as at the acquisition date.

The fair values recognised for the identifiable assets acquired and liabilities assumed are provisional as at 30 June 2026. The provisional amounts have been determined having regard to information available at the reporting date, including completion accounts prepared for Australian Mutual Bank Ltd as at 30 April 2026, which were approved by the AMBL Board on 10 August 2026. If new information relating to facts and circumstances existing at the acquisition date is obtained within 12 months of that date, adjustments may be made to the recognised amounts in accordance with AASB 3 *Business Combinations*.

Accounting treatment

The merger has been accounted for as a business combination using the acquisition method in accordance with AASB 3 *Business Combinations*.

All identifiable assets acquired and liabilities assumed have been recognised at their acquisition date fair values. As no consideration was transferred and the fair value of the identifiable net assets acquired exceeded the consideration, the resulting surplus has been recognised directly in equity, consistent with the accounting treatment applicable to mutual organisations.

33. Corporate information

Teachers Mutual Bank Limited is a company limited by shares and is registered under the Corporations Act. The address of the registered office and principal place of business is Level 7, 10 Shelley Street, Sydney NSW 2000. The nature of the operations and its principal activities are the provision of deposit-taking facilities and loan facilities to its members and customers.



Consolidated entity disclosure statement

Name of entity	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction of foreign residents
EdSec Funding Trust No. 1	Trust	n/a	n/a	Australia	Australian	n/a





Sustainability *Report*



Sustainability Report

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1. Introduction

Basis of preparation

Statement of compliance

The Sustainability Report for Teachers Mutual Bank Limited (TMBL or the Bank) has been prepared in accordance with AASB S2 *Climate-related Disclosures* (AASB S2), issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth) for the year ended 30 June 2026 (FY2026).

The Sustainability Report has been prepared for the same reporting entity as the Bank's financial statements for the year ended 30 June 2026. In preparing its climate-related financial disclosures, the Bank has assessed its strategy, operations, and value chain.

First time adoption of AASB S2 and transition relief

As this is the first year of reporting climate-related financial disclosures, the Bank has applied transitional relief as permitted by AASB S2. Accordingly:

- Comparative information for 30 June 2025 has not been presented (AASB S2 C3); and
- The Bank has elected not to disclose Scope 3 greenhouse gas emissions for 30 June 2026 (AASB S2 C4(b)).

Independent assurance

Grant Thornton (GT) has performed limited assurance over certain disclosures for FY2026. A copy of their independent auditor's review report is contained on page 110.

2. Overview of the Bank and value chain

2.1 Our business model

Teachers Mutual Bank Limited is a member owned, purpose-led retail bank committed to *Banking for Good*. Our values guide how we operate and reflect our belief that long-term performance is achieved by acting with care – for people, planet, and performance. As a mutual, we consider how today's decisions affect the financial wellbeing of our members and the long-term interests of the broader communities we serve.

Climate change presents financial, operational, and strategic risks to the Bank's business model. It also creates opportunities to support our members to transition to lower-emission choices over time. This disclosure outlines how climate-related risks and opportunities are governed, managed, and integrated into TMBL's strategy.

The Bank operates as a predominantly retail mutual bank, offering residential mortgages, personal lending, deposit products, and member services. Climate-related risks and opportunities therefore arise principally through three channels:

- Our residential mortgage portfolio;
- Our operational footprint; and
- Our reliance on third-party service providers.

On 1 May 2026, the Bank completed its merger with Australian Mutual Bank Ltd (AMBL). From the merger date, AMBL's operations were incorporated into the Bank's processes and reporting, including the inclusion of relevant invoices and other activity data for Scope 1 and Scope 2 greenhouse gas emissions from 1 May 2026. The Bank assessed climate-related risks and opportunities across the combined entity's value chain, including those arising from the integration of AMBL's operations, and determined that they were consistent with TMBL's existing risk profile.

Understanding how climate risks influence each element of this business model is central to our approach to governance, risk management and strategy.

2.2 Value chain

The diagram below provides an overview of the Bank's value chain, highlighting the core activities and stakeholder relationships that underpin our business model and inform the assessment of climate related risks and opportunities.

Upstream

Suppliers

- IT Infrastructure and Services
 - Cybersecurity & Compliance Vendors
 - Payments & Digital Platforms
 - Data & Analytics Providers
- Professional Services (Recruitment and employee-related services)

Investors and Funding

- Member Deposits
- Wholesale Debt Investors

Regulators

- APRA
- ASIC
- AUSTRAC

⊕ Hot spots: Value chain components that are the most impacted by climate related risks and opportunities

Own Operations

TMBL Brands

- Teachers Mutual Bank
- Australian Mutual Bank
- Health Professionals Bank
- Firefighters Mutual Bank
- UniBank

Service Offerings

- Home Loans ⊕
- Savings & Deposits
- Personal Loans
- Credit Cards
- Insurance
- Digital Banking Services

Operations

- Employees
- Physical Assets (Offices and Spaces)
- IT and Cloud Infrastructure
- Loan Origination, Core Banking and Risk Systems

Downstream

Customers

- School teachers and education support staff
- Healthcare professionals
- Firefighters and emergency services personnel
- University academics, researchers, and higher education staff
- Energy and transport staff

Industry

- Residential Mortgage ⊕
(Lending Portfolio Allocation)

Community

- Wider operating environment
- Partnerships
- Community projects
- Sustainability initiatives

3. Significant Judgements and Measurement Uncertainty

In preparing this Sustainability Report, management has exercised judgement and applied estimates to identify and measure the impact of climate-related risk and opportunities.

3.1 Significant Judgements

Area	Judgement	Reference
Time Horizons	The Bank has adopted the following time horizons informed by the Bank's strategic planning horizons, the expected average tenor of the loan book and the longer-term impacts from climate change: – Short-term – up to 5 years – Medium-term – 5 to 10 years – Long Term – greater than 10 years	Climate Strategy
Risk and Opportunity Identification	Management has made significant judgements in identifying and assessing key climate-related risks and opportunities that could reasonably be expected to affect the Bank's financial position, financial performance and cash flows over the short, medium, and long term. These are detailed in Section 5.	Climate Strategy
Quantitative information about anticipated financial effects	Management has applied judgement in determining that certain anticipated financial effects have not been quantified because they are not separately identifiable from the broader financial effects of the Bank's strategy, business planning and risk management activities.	Climate Strategy

3.2 Measurement Uncertainty

Area	Judgement	Reference
Greenhouse Gas (GHG) Emissions	The Bank has measured its GHG emissions using the GHG Protocol. The disclosed metrics for the Bank are subject to measurement uncertainty as the measurement relies on activity data and standard emissions factors obtained from third parties. The approach, inputs, and assumptions are set out in Section 7.	Metrics & Targets

4. Governance

Effective governance supports the identification, assessment, and management of climate-related risks and opportunities in alignment with TMBL's purpose, values, and long-term strategy. Climate considerations form part of the Board's oversight of financial performance, risk management, and sustainable value creation.

4.1 Board

The Board of Directors holds primary responsibility for overseeing climate-related risks and opportunities. In fulfilling its responsibilities, the Board charter requires the Board to:

- Articulate TMBL's purpose and values;
- Approve annual sustainability reporting;
- Oversee policies and practices relating to sustainability, including climate; and
- Monitor adherence to these policies across the organisation.

In accordance with the Bank's constitution, Directors must also consider the impact of the Bank's operations on the community and environment, as well as the Bank's ability to create an overall positive societal and environmental impact.

The Board oversees climate-related risks and opportunities as part of its oversight of the Bank's strategy and risk management framework. Climate-related matters are considered in relevant Board and committee discussions, including strategic planning, capital and risk management, and significant investment or property decisions. This provides a basis for the Board to consider how climate-related factors may be relevant to the Bank's business model, member outcomes and longer-term resilience.

Management provides information to support these discussions, drawing on climate risk assessments, scenario analysis, and key initiatives. This approach supports informed decision-making while recognising the inherent uncertainty associated with climate-related change and the evolving nature of regulatory, market, and member expectations.

To ensure the Board and Executive develop and maintain the skills and competencies required to oversee climate-related risks and opportunities, they participate in periodic internal

and external updates and briefings covering physical and transition risks, scenario analysis, and emerging regulatory requirements. The Board skills & experience matrix is used to evaluate the skills and competencies held across key specialist areas relevant to the sound management of the Bank.

4.2 Board Committees

Climate topics arise throughout the year in the work of the Board and its committees as part of broader oversight responsibilities.

4.2.1 Board Risk and Compliance Committee (BRCC)

The BRCC oversees climate-related financial risks, including physical and transition risks. Responsibilities include:

- Reviewing climate scenario analysis results and their implications for capital, risk appetite, and recovery planning;
- Monitoring integration of sustainability risk, including climate risk into the Risk Management Framework;
- Overseeing internal controls and risk policies relevant to sustainability and climate risk.

4.2.2 Board Audit Committee (BAC)

The BAC oversees the integrity of climate-related reporting and supporting processes. This includes:

- Reviewing processes and controls underpinning AASB S2 disclosures;
- Overseeing methodologies used for emissions measurement and climate scenario analysis;
- Monitoring management's use of external experts to ensure appropriate scope, independence and capability;
- Reviewing findings from external consultants and how management has addressed recommendations;
- Reviewing the financial statement impacts and related disclosures arising from climate-related risks; and
- Considering assurance readiness for future periods.

4. Governance *continued*

4.3 Management

The Board delegates management of climate-related risks and opportunities to Management, who are responsible for the identification, assessment and integration of the risks and opportunities into the Risk Management Framework.

Climate responsibilities are embedded across the Executive team:

- **Chief Executive Officer (CEO)** – accountable for strategic delivery and ensuring climate considerations are naturally embedded within the Bank's operations and culture.
- **Chief Financial Officer (CFO)** – responsible for sustainability reporting, emissions data, external disclosures and integrated financial-climate analysis. The CFO also leads integration of climate considerations into strategic and financial planning, including the ICAAP and stress-testing processes.

- **Chief Risk Officer (CRO)** – oversees climate risk integration into the Risk Management Framework, including the Internal Capital Adequacy Assessment Process (ICAAP), stress testing and recovery planning.
- **Management Risk Committee (MRC)** – reviews scenario analysis results and emerging climate risks.

Climate related risks and opportunities are identified and evaluated through the Bank's core internal processes, including portfolio risk assessments, the expected credit loss framework, and the ICAAP stress testing program.

The Bank has not presently implemented formal climate related targets, and climate related performance metrics are not currently part of remuneration policies.

Matters considered by the Board and its committees during FY 2026

Governance Body	Key Climate-Related Matters Considered in FY2026
Board	– Approval of FY2026 Sustainability Report – Oversight of strategic response to climate risks and opportunities – Oversight of property strategy including head office relocation to a 6-star NABERS building
Board Risk & Compliance Committee	– Review of climate scenario analysis and implications for ICAAP – Oversight of sustainability risk integration into the RMF – Review of credit exposures to higher-risk geographies – Monitoring of risk metrics and controls
Board Audit Committee	– Oversight of AASB S2 reporting processes – Review of emissions data methodologies and internal controls – Consideration of assurance requirements for future periods – Review of climate-related financial disclosures

5. Strategy

Climate change presents both risks and opportunities for the Bank. As a predominantly retail lender, our direct exposure to high-emitting sectors is limited, but physical and transition risks may affect our members and, in turn, the performance of our lending portfolio.

During FY 2026 the Bank applied a structured process to identify, assess and prioritise climate related risks and opportunities across its business model and value chain. This included defining scope and time horizons, identifying potential risks and opportunities from internal and external sources, and refining a prioritised set through management workshops.

This structured approach informs risk management, strategic planning and scenario analysis, and will be refreshed periodically as data, regulation and operating conditions evolve.

The risks and opportunities identified through this process arise from both physical climate risks (such as increased frequency and severity of extreme weather events and long-term climatic shifts) and transition risks (including policy, technology, market, and regulatory changes).

The Bank has considered the impact of climate-related change over the following time horizons from the reporting date:

- **Short-term** – up to 5 years, aligned with the Bank's strategic planning horizon
- **Medium-term** – 5 to 10 years, broadly aligned with the expected life of mortgage assets
- **Long-term** – beyond 10 years, reflecting the longer-dated nature of climate-related risks and opportunities affecting the housing market and operating environment

5. Strategy *continued*

5.1 Climate-related risks and opportunities

The outcome of this assessment is summarised below, highlighting climate-related risks and opportunities and how they may affect the Bank's value chain across different time horizons.

Risk/Opportunity		Value chain	Time horizon		
			Short	Medium	Long
Physical risk	Acute weather events affecting collateral values and member affordability	Downstream: residential mortgage portfolio; member affordability; insurance availability	✓	✓	
	Chronic climate impacts (heat, sea-level rise) influencing valuations and insurability	Downstream & operations: mortgage exposures; property markets; insurability; branch and office premises		✓	✓
Transition risk	Regulatory and policy change	Own operations, upstream and downstream: Finance/Risk/Reporting; external data/assurance providers; member affordability	✓	✓	
	Evolving customer expectations & market shifts	Downstream: product demand; collateral preferences; member expectations		✓	✓
	Funding and investor preferences toward climate-aligned institutions	Upstream: wholesale funders; investor expectations Own operations: liquid asset portfolio strategy	✓	✓	
Opportunity	Operational efficiency and sustainability	Own operations: new headquarters and other Bank-occupied premises	✓	✓	
	Member support and engagement	Downstream: member transition support; potential product opportunities		✓	
	Investment opportunities	Own operations: liquid asset portfolio		✓	

The following sections expand on the risks and opportunities identified above, outlining their drivers, potential impacts and how they are considered within the Bank's strategy and risk management activities.

5.1.1 Physical Risks

Risk description

- **Acute weather events** – weather events such as floods, bushfires and severe storms can affect member affordability, property values and the availability/affordability of insurance, with flow through effects to expected credit losses and, in large events, to short term operational continuity.
- **Chronic climate impacts** – long run climatic shifts (e.g., rising temperatures and sea level rise) may influence insurability and valuations in particular geographies over time.

Effects on business model and value chain

Acute weather events and longer-term climatic shifts may affect the Bank's residential mortgage portfolio through impacts on member affordability, property values and the availability and cost of insurance.

Where physical climate risks materialise, the primary impact to the Bank is through a reduced ability to recover outstanding loan balances in the event of borrower default. This may arise due to declines in collateral values, increased repair costs, or insufficient insurance coverage following climate-related events. Over time, these factors may contribute to a higher volume of hardship applications, higher credit losses and increased volatility in portfolio performance, particularly in higher-risk geographies.

Based on a postcode-level assessment performed using external consultants, approximately 1.8% of the Bank's home loan portfolio is currently identified as being in locations with elevated exposure to physical climate-related risks. While this exposure is monitored as part of portfolio risk management, the overall financial impact is expected to be limited over the short to medium term, reflecting the relatively small proportion of higher-risk exposures and the Bank's diversified portfolio.

Physical climate-related risks are not expected to have a material impact on the operations of the Bank as its operations and critical suppliers are not located in high-risk areas. The Bank also maintains business continuity planning processes to mitigate any disruptions, including the ability of staff to work remotely in support of business operations.

Strategic response

In the short term, the Bank's strategic response to physical climate-related risks is focused on identifying and monitoring higher-risk exposures, maintaining appropriate provisioning, and supporting operational resilience. The Bank has identified properties in locations at higher risk of acute and chronic climate-related events and has included a climate related overlay of \$0.5 million within its expected credit loss provision in the financial statements for the current period.

The Bank maintains established hardship support processes to assist members experiencing financial stress, including where this may arise from climate-related events. These processes continue to play an important role in supporting member outcomes and managing credit risk impacts as physical risks emerge.

Over the medium to long term, the Bank aims to continue to enhance the integration of climate considerations into existing risk governance and credit decision-making processes, including linkages to portfolio monitoring, expected credit loss assessments and scenario analysis. Any such enhancements are expected to be incremental and aligned with the Bank's overall risk management framework and capability maturity.

5.1.2 Transition Risks

Risk description

- **Regulatory and reporting change** – implementation of AASB S2 and related regulatory developments is expected to require ongoing enhancements to data, systems, methodologies and assurance processes over time.
- **Customer expectations and market shifts** – evolving member preferences for energy efficient and resilient homes may influence product demand, portfolio mix and collateral valuations over time.
- **Funding and investor preferences** – over time, wholesale funders and investors may prefer counterparties with clearer climate alignment, potentially affecting funding costs and the composition of the liquid asset portfolio.

Effects on business model and value chain

Increased regulatory and reporting changes are likely to lead to increased operational and compliance costs for the

5. Strategy *continued*

Bank. Failure of the Bank to comply with new regulations may also lead to financial penalties and reputational damage impacting on the Bank's ability to retain and attract funding.

Changes in member preferences for more sustainable housing are not expected to have a material impact on the Bank's business model or value chain in the short to medium term but may impact collateral valuations in the longer term.

Strategic response

The Bank's response to transition-related risks is expected to evolve over time as regulatory requirements, market practices and member expectations continue to develop. Currently, the Bank has not developed a specific strategy on managing transition risks but continues to monitor emerging customer and investor trends and identify areas where the Bank may respond in a measured and proportionate way.

Consistent with the Bank's current stage of maturity, any longer-term strategic responses are expected to be incremental and aligned with the Bank's overall risk appetite, governance framework and capability development.

5.1.3 Opportunities

Operational efficiency

Upgraded premises and energy efficiency measures can reduce operating expenses and strengthen resilience. The new NABERS 6 star office premises is an important foundation, and additional efficiency opportunities may be explored as operations evolve.

Member support & engagement

Providing information, guidance and potential offerings aligned to resilient and energy efficient homes can support member outcomes and strengthen portfolio resilience over time. The Bank will consider these opportunities as the availability of insights and member interest increases.

Climate aligned investments

Subject to risk appetite and liquidity requirements, selective green/sustainable investments in the liquid asset portfolio may offer appropriate risk adjusted returns and align with stakeholder expectations.

Effects on business model and value chain

The climate-related opportunities identified are not expected to materially change the Bank's business model in the short term, but may support operational efficiency, strengthen member engagement, and influence the composition and risk profile of our residential mortgage portfolio over the longer term.

Strategic response

In the short term, the Bank is prioritising operational efficiency and resilience through the relocation to more sustainable premises, continued energy-efficiency initiatives and the electrification of its vehicle fleet.

At this stage, the Bank has not developed a specific longer-term strategy for each of the opportunities identified. The Bank will continue to assess these opportunities over time as data, methodologies, member insights and market practice mature, and will consider responses where they are aligned with member needs, risk appetite, liquidity requirements and broader strategic priorities.

5.1.4 Current and anticipated financial impacts

The Bank has considered the current and anticipated financial effects of the climate-related risks and opportunities disclosed in section 5.1 on its financial position, financial performance and cash flows. The financial statements for FY2026 include a \$0.5 million climate-related overlay within the expected credit loss provision. This financial effect relates to the physical climate-related risks described in section 5.1.1 and is connected to the higher-risk mortgage exposure disclosed in section 7.3.1. The current financial effects associated with compliance costs arising from regulatory and reporting changes were included in operating expenses, of which the quantum was immaterial. The current period financial effects of the other transition risks and climate-related opportunities were managed as part of existing operating and business planning processes and are not separately identifiable.

The anticipated financial effects associated with compliance costs arising from regulatory and reporting changes are not anticipated to be material. Anticipated financial effects of the other transition risks and opportunities have not been quantified because they are not separately identifiable from the broader financial effects of the Bank's strategy, business planning and risk management activities. The combined effects of these transition risks and opportunities are reflected in multiple financial statement line items in the related financial statements.

These effects are expected to be assessed progressively through the Bank's existing strategy, risk management, capital planning, scenario analysis and expected credit loss frameworks as data, methodologies and experience develop.

Further information on the Bank's exposure of assets and business activities to climate-related physical risks, transition risks and opportunities, including the related metrics and measurement approach, is set out in Section 7 Metrics and Targets.

5.2 Climate scenario analysis

The Bank uses climate scenario analysis to assess the resilience of its business model and strategy under alternative climate-related pathways. Scenario analysis supports understanding of how climate-related risks and opportunities may evolve over time and may inform strategic planning, risk management and capital adequacy considerations.

The Bank has considered a range of plausible climate-related scenarios that reflect different transition and physical risk outcomes. Where relevant, publicly available Australian context on climate trends is considered at a high level to inform qualitative judgements (e.g., potential changes in temperature patterns and severe weather). The scenarios are longer-term in nature and are not forecasts; rather, they are structured narratives used to explore potential impacts under different climate pathways.

The Bank has used the Network for Greening the Financial System (NGFS) as the main source for climate scenario analysis as it is aligned with globally recognised climate pathways published by the Intergovernmental Panel on Climate Change (IPCC) and is proportionate to the Bank's size, business model and risk profile as a predominantly retail lender.

The Bank's climate scenario analysis incorporates a combination of qualitative assessment and high-level quantitative indicators. The analysis draws on:

- Climate-related scenarios developed as part of the Bank's ICAAP and recovery planning; and
- Emerging climate overlays used in the Bank's expected credit loss (ECL) framework to consider how climate-related factors may influence credit risk over time.

External advisers supported the development of the scenarios, recognising the evolving nature of climate-related data and methodologies.

Climate-related scenario analysis is reviewed in connection with the Bank's strategic planning and risk management cycle, which is performed annually and considers a three-year planning horizon. The scope and depth of analysis may vary between reporting periods, depending on changes in the Bank's business model, risk profile, portfolio exposures, external environment, regulatory expectations, data availability and methodology. Where there have been no significant changes, prior period scenario analysis may remain relevant for the current reporting period and may be carried forward or updated on a proportionate basis.

5. Strategy *continued*

5.2.1 Climate scenarios considered

During FY 2026, the Bank has assessed its resilience under two climate-related pathways:

A lower-warming pathway (around 1.5°C) with high transition risks but lower physical risks.

A higher-warming pathway (around 2.5-3°C) with low transition risk but higher physical risks.

The scenario analysis focused on areas of the Bank's business most likely to be affected by climate-related risks and opportunities, having regard to the Bank's predominantly retail lending profile. In particular, the analysis considered potential impacts on:

- The residential mortgage portfolio, including member affordability, property values and insurance availability;
- Credit risk and expected credit losses over time;
- Capital adequacy and stress testing outcomes; and
- The Bank's overall strategic positioning and resilience.

	Lower-warming pathway (limited to around 1.5°C)	Higher-warming pathway (increase to around 2.5-3°C)
Scenario Narrative	Global efforts are broadly consistent with limiting warming to 1.5°C characterised by earlier and more coordinated policy responses, accelerated emissions reductions, and relatively smoother economic adjustment compared to delayed transition outcomes.	Climate policy action is more gradual and less coordinated, resulting in slower emissions reductions and greater long-term physical climate impacts. Transition pressures may emerge later, with more pronounced economic and financial disruption over time.
Temperature Alignment	+1.5°C by 2100	+2.5 to 3°C by 2100
Rationale for selection	Aligns to an orderly transition to net zero by 2050 with an accelerated shift towards a more sustainable, low-carbon economy.	Highlights the physical risks associated with a more pronounced increase in climate-related risks and its impacts on the Bank's business model, members, and investors.
Key data sources	NGFS: Net zero 2050 IPCC: Shared socio economic pathway (SSP 1-1.9)	NGFS: Current policies IPCC: Shared socio economic pathway (SSP 2-4.5)

The +1.5°C and +2.5 to 3°C scenarios represent projected increases in global average temperature relative to pre industrial levels.

Key Assumptions

Climate-related policies	Ambitious new government-directed policies aimed at rapid transition to lower carbon emissions, including new energy efficient residential housing standards, and accelerated move to electrification.	Current government policies are maintained with limited new coordinated policies implemented to reduce GHG emissions.
Macroeconomic trends	Increasing electrification of buildings, industry, and transport; decarbonising the energy and power sector; increase in carbon capture and storage, and carbon dioxide removal technologies.	Fossil fuels continue to be dominant source of primary energy; decline in global GDP per capita due to lower economic growth over time driven by the costs of policy inaction and cost of increased physical risks.
National regional variables	Based on IPCC SSP 1-1.9, global emissions peak early and decline rapidly, limiting long term damage to ecosystems and infrastructure	IPCC SSP 2-4.5 predicts that emissions will stabilise only gradually leading to higher cumulative warming and greater long-term physical climate-related risks.
Energy usage and mix	Reduction in fossil fuel consumption; High uptake of renewable energy	Continued reliance on fossil fuels; energy demand from non-renewables is likely to significantly increase; slower uptake of renewable energy sources.
Technology developments	Increased investment and shift to renewables and other low-emission energy sources.	Limited progress on renewables, decarbonisation technologies or new low-emission energy sources.

5.2.2 Key scenario analysis outcomes

The Bank's climate scenario analysis supports an initial assessment of how resilient its strategy and financial position may be under different climate related pathways. The analysis considers both transition and physical risks over short, medium, and long term horizons, focusing on the areas of greatest relevance to the Bank's business model; including member affordability, property valuations, insurance availability and operational continuity.

Although the analysis is primarily qualitative at this stage and proportionate to the Bank's data and modelling maturity, it provides a structured way to explore how climate related

conditions could evolve under different temperature pathways. This includes scenarios where transition risks emerge earlier, as well as scenarios where physical risks intensify over time.

These scenario insights inform the Bank's understanding of potential vulnerabilities and areas where further capability development may strengthen long term resilience, including data enhancements, more granular geographic assessments, and future refinements to climate related credit risk analysis.

5. Strategy *continued*

Lower-warming Scenario (+ 1.5°C)

Current / Short Term (up to 5 years)	Medium Term (5 to 10 years)	Long Term (10 years +)
Initial transition impacts on the business anticipated to be manageable with only a modest impact on compliance costs and investment in renewable energy sources. Residential house prices not expected to be materially impacted with only those in higher-risk locations exposed to re-pricing. Only 1.8% of Bank's home loan portfolio identified in these locations. Impact on member employment expected to be minimal given the concentration in the education, health, emergency services sectors (i.e. minimal exposure to employment within emission-intensive industries). Climate-related effects are embedded within existing financial estimates and assumptions, including expected credit loss provisioning of \$0.5m.	Transition risks become more pronounced as policy, technology, and market expectations increase. Increased costs of compliance and monitoring of borrowers in higher-risk locations embedded into Bank's financial estimates and origination models. Physical risk remains lower than in higher-warming pathways, but acute weather events may still create temporary income disruption, repair costs and insurance stress. Investment in electrification, energy efficiency, resilient housing and low-carbon infrastructure supports new lending opportunities.	Economic benefits from transition to low-carbon economy with greater energy efficient and climate-resilient homes. Transition costs are largely embedded into business models, regulation, building standards and consumer preferences. Lower physical damage versus higher-warming pathway leading to improved collateral valuations and improved insurability. Credit risk concentrated in borrowers and collateral that have not adapted to policy, technology or insurance changes.

Higher-warming Scenario (+ 2.5-3°C)

Current / Short Term (up to 5 years)	Medium Term (5 to 10 years)	Long Term (10 years +)
Transition costs to be lower than 1.5°C pathway but physical risks begin to emerge with more frequent acute weather events. We expect to see higher repair costs, and increased insurance premiums across members located in higher risk locations. Unemployment impacts are likely to be concentrated in regions exposed to heat, flood, bushfire, agriculture and tourism disruption. Impact on the Bank not expected to be material with existing financial estimates, assumptions, and provisioning sufficient to mitigate any losses.	Physical risk becomes more material and persistent as severe weather events occur more frequently and adaptation costs increase. Insurance affordability and availability deteriorate in higher-risk locations, contributing to reduced property values and market liquidity impacting on the Bank's lending standards for borrowers in those areas. Regional unemployment increases in areas suffering from increased climate-related impacts. Economic disruption and productivity losses from physical climate damage places pressure on member incomes and debt-servicing capacity leading to reduced borrowing capacity.	Long term scenario is dominated by higher physical climate damage rather than transition risk. Chronic climate-related impacts reduce asset values, increase the probability of default and credit losses, and create pockets of stranded or difficult-to-insure property. Impact on the Bank is expected to be concentrated in members and collateral located in higher-risk locations with limited capacity to adapt. Opportunities to support member resilience (e.g., energy efficiency and home resilience initiatives) and, subject to risk appetite and regulatory settings, selective consideration of credible sustainable investments within the liquid asset portfolio.

5.2.3 Uncertainties

There is significant uncertainty regarding future policy settings and disclosure requirements; shifts in member expectations for efficient and resilient housing; insurance market dynamics in higher exposure regions; variability in long term climate outcomes, including the frequency and severity of extreme weather events; and broader macro financial conditions that may influence credit risk and housing markets under different climate pathways. The Bank continues to evolve its scenario capability as data quality, modelling techniques and regulatory expectations develop.

5.2.4 Capacity to adjust or adapt strategy and business model

The Bank's capital and risk management frameworks provide flexibility to respond quickly to climate-related changes, including the ability to alter its funding mix, adjust lending standards and set risk appetite levels at an appropriate level. These responses are supported by existing governance processes, including oversight by the Board and relevant Board committees, and enable the Bank to reallocate funding, refine risk settings and support emerging opportunities as climate-related risks and the transition to a lower-emissions economy evolve.

The Bank's ability to adjust the profile of its residential mortgage portfolio is limited in the short term as the average behavioural tenor of the home loan portfolio (which makes up 98% of the Bank's total exposure) is approximately seven years. As a result, the impact of changes to lending or risk settings is expected to flow through progressively over time.

5.2.5 How findings are informing strategy and risk management

The findings provide input that is beginning to inform the Bank's approach to risk management. Early focus areas include gaining a better understanding of geographic exposures, insurance affordability considerations and emerging regulatory developments. Climate related insights are also being used on an exploratory basis to consider how they may relate to expected credit losses, stress testing horizons and recovery planning over time. Scenario outcomes have been shared with governance forums (including management and Board committees) as part of broader updates on sustainability related matters, helping to highlight areas where additional data, capability development and refinement of climate related credit risk assessment may be beneficial in future reporting periods.

6. Risk Management

6.1 Overview and integration with the Risk Management Framework (RMF)

Climate-related risks are considered within the Bank's Risk Management Framework and managed through existing governance structures, policies and control processes. Climate considerations are integrated into credit risk assessment, expected credit loss methodologies, ICAAP and stress testing, recovery and contingency planning, and business continuity management. This approach ensures climate risks are managed alongside other material risks.

6.1.1 Identification and screening

The Bank identifies climate related risks and opportunities via:

- an annual climate risk assessment spanning transition and physical risk drivers across the value chain;
- periodic portfolio and geographic monitoring, including insurance availability/affordability signals, and external market/regulatory scanning; and
- scenario analysis, as described in 5.2, that explores lower warming and higher warming pathways over short, medium and long term horizons.

Items are screened and prioritised using criteria consistent with enterprise practice, including:

- likelihood within defined time horizons;
- potential magnitude for credit, capital, liquidity, operations, and reputation.

6.1.2 Assessment and escalation

Assessment draws on scenario informed qualitative analysis, portfolio reviews and stress testing overlays used in the ICAAP. Where relevant, climate related insights are considered in ECL methodologies (e.g., overlays) and in recovery and contingency planning considerations. Escalation follows existing RMF protocols.

6.1.3 Integration into risk management and decision making

Climate related insights are beginning to inform:

- credit risk management – for example geographic concentration monitoring, collateral verification practices, insurance availability considerations;
- capital and liquidity planning – ICAAP climate overlays and qualitative stress testing inputs;
- business continuity and third party risk – e.g. extreme weather disruption scenarios; and
- strategic planning – early consideration of member support propositions that could strengthen portfolio resilience. These linkages are proportionate to current data and modelling maturity and will be refined over time.

6.2 Monitoring and review

The Bank monitors climate related risks as part of routine risk reporting, with matters considered by management and the Board as set out in Section 4 Governance including: (i) geographic exposures; (ii) scenario informed directional indicators relevant to portfolio risk; (iii) status of controls and data capability development; and (iv) regulatory developments affecting reporting and methodology. Climate-related risks and opportunities are reported through established management and Board committee reporting cycles, with the Management Risk Committee, Board Risk and Compliance Committee and Board Audit Committee meeting regularly throughout the year. Further information on Board and Committee meeting frequency is set out in the Directors' meeting attendance section of the Annual Report.

Feedback loops from monitoring may inform updates to risk policies, appetites and controls, consistent with the RMF cycle.

7. Metrics and Targets

The Bank monitors and discloses its Scope 1 and Scope 2 GHG emissions for the year ended 30 June 2026 using an operational control approach.

In accordance with AASB S2 and the transitional provisions applicable for first-year reporters, the Bank has elected to apply transitional relief and not disclose prior-year comparatives and Scope 3 GHG emissions for the year ended 30 June 2026.

Operational boundary

The Bank has applied the guidance within the *Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (2004)* (GHG Protocol) to establish its operational boundary for reporting Scope 1 and Scope 2 emissions.

For FY2026, the Bank's operational boundary includes emissions associated with:

- Bank-owned premises occupied by employees or used to support business operations;
- Bank-leased premises occupied by employees for office or branch activities; and
- Combustion engine vehicles provided to employees for use in business operations, including mobile lending.

7.1 Scope 1 and 2 GHG emissions

The Bank has used the following approach, inputs, and assumptions in calculating the Scope 1 and Scope 2 GHG emissions. Emissions are measured in accordance with the GHG Protocol.

Scope 1 GHG emissions

Emissions Category	Description	Measurement approach, inputs and assumptions
Motor vehicle emissions	Combustion engine vehicles are provided to certain employees for use in business operations, including mobile lending	Kilometres travelled are identified through odometer readings and multiplied by relevant emission factors published by the Department of Climate Change, Energy, the Environment and Water (DCCEEW)
Natural gas	Natural gas used in boilers at premises within the Bank's operational control.	Natural gas consumption is determined through a review of supplier invoices and multiplied by relevant emissions factors published by DCCEEW
Fugitive emissions	Refrigerant charge and leakage from air-conditioning units and refrigerators at owned or leased premises within the Bank's operational control.	The Bank reviewed asset registers and external maintenance schedules to identify air-conditioning units and refrigerators within its operational control, including refrigerant type and capacity. Refrigerant charge and leakage rates were calculated using factors determined in accordance with the National Greenhouse and Energy Reporting (Measurement) Determination

7. Metrics and Targets *continued*

Scope 2 GHG emissions

Emissions Category	Description	Measurement approach, inputs and assumptions
Purchased electricity	Location-based	Purchased electricity consumption is derived from supplier invoices. Kilowatt hours (kWh) identified from invoices are multiplied by relevant emissions factors published by DCCEEW
Purchased electricity	Market-based	Purchased electricity consumption is derived from supplier invoices. For the market-based Scope 2 calculation, the Bank has separately considered purchased eligible environmental offset schemes entered into by suppliers including GreenPower and renewable energy certificates where supported by supplier information.

Management considers the above approach, inputs and assumptions to provide a reasonable basis for measuring the Bank's Scope 1 and Scope 2 GHG emissions for FY2026. As this is the first year of reporting, there have been no changes to the measurement approach, inputs or assumptions from a prior reporting period.

Greenhouse Gas Emission Metrics

Metric	FY2026 (tCO ₂ e)
Scope 1 GHG emissions	82.9
Scope 2 GHG emissions (location-based)	764.0
Scope 2 emissions (market-based ¹)	54.3

7.2 Carbon price and climate targets

The Bank does not currently apply an internal carbon price in decision making and has not set specific climate-related targets for the reporting period.

7.3 Assets and business activities vulnerable to climate-related risks

The Bank's assets and business activities predominantly relate to retail lending and deposit-taking. The Bank has assessed the vulnerability of its assets and business activities to climate-related risks on an inherent risk basis before considering any controls or mitigations.

The climate-related risks and opportunities, as detailed in Section 5, cover the impacts of physical and transition risks, as well as climate-related opportunities with the impact on assets and business activities detailed below.

1. Market based Scope 2 emissions reflect contractual electricity arrangements offset by purchased eligible environmental schemes offered by suppliers (including GreenPower, RECs) applied to electricity consumption for the reporting period.

7.3.1 Physical risk exposure

An analysis of member accounts identified approximately \$172 million, representing 1.8% of home loan assets, with collateral in locations assessed as having higher exposure to physical climate-related risks². This identified population was considered in estimating the Bank's \$0.5 million climate-related overlay within the expected credit loss provision recognised in the financial statements. The overlay reflects management's assessment of expected credit losses associated with these higher-risk exposures, having regard to available information and reasonable and supportable forward-looking assumptions.

7.3.2 Transition risk exposure

The Bank has assessed the exposure of its assets and business activities to climate-related transition risks by reviewing its own operations, member base, product mix and investment profile. This assessment considered the areas of the Bank's business model most relevant to transition risk, including regulatory and reporting requirements, member preferences for energy-efficient housing, collateral valuation impacts, funding and investment preferences, and operational emissions.

The Bank's exposure to transition risk is primarily concentrated in its residential mortgage portfolio, which represented approximately 98% of total exposure at 30 June 2026. The remaining exposure relates to the Bank's liquid asset portfolio, operational assets and other business activities, which were also considered as part of the transition risk assessment. Based on this methodology, the Bank has identified the residential mortgage portfolio as the asset class most vulnerable to transition risk, with potential effects arising over time through changes in building standards, energy-efficiency expectations, property valuation dynamics, insurance availability and member affordability.

The Bank will continue to refine this assessment as transition risk data and methodologies mature, including the availability of more granular property-level information on energy efficiency, emissions characteristics and member preferences.

7.3.3 Climate-related opportunities

The Bank has assessed climate-related opportunities across its assets and business activities by reviewing its own operations, member base, and investment profile, including operational initiatives such as more sustainable premises, energy procurement arrangements and the electrification of the vehicle fleet. While related operational data is reflected in the Bank's Scope 1 and Scope 2 emissions disclosures where applicable, the Bank does not currently classify or track assets and business activities as being aligned with climate-related opportunities. Accordingly, the amount and percentage of assets and business activities aligned with climate-related opportunities is not currently quantifiable.

7.4 Capital deployment

The Bank did not deploy any capital specifically designated for climate-related risks or opportunities during the reporting period. Accordingly, the amount of capital expenditure, financing or investment deployed for this purpose was nil for FY2026.

Climate-related activities during the period were primarily embedded within existing business planning, risk management, premises, reporting and investment processes. While the Bank continued initiatives such as the transition to more sustainable premises, electrification of its motor vehicle fleet and the use of eligible environmental schemes for purchased electricity, these activities were not tracked or reported as separately designated climate-related capital deployment.

7.5 Remuneration Policies

Climate related performance metrics are not currently part of executive remuneration policies.

2. High-risk locations based on Climate Risk Physical Assessment performed by Finity Consulting in April 2024. Analysis identified postcodes most at risk to physical climate-related risks under a high-emissions scenario.

Directors' declaration

TEACHERS MUTUAL BANK LIMITED

Directors' declaration

Under section 296A of the Corporations Act 2001 for the year ended 30 June 2026, the Directors of Teachers Mutual Bank Limited declare that, in the Directors' opinion:

The entity has taken all reasonable steps to ensure that the Sustainability Report of the Bank and its subsidiaries (collectively, the Bank) are in accordance with the *Corporations Act 2001*, including:

- a. the Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*, and any further requirements contained in section 296C(2); and
- b. the requirements of the climate statement disclosures contained in section 296D.

This declaration is made in accordance with a resolution of the Directors pursuant to section 296A(6) of the Corporations Act 2001 as modified by section 1707C(2).



Andrew Kearnan, Chair

28 September 2026

Auditor's independence declaration



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Auditor's Independence Declaration

To the Directors of Teachers Mutual Bank Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of the specified sustainability information in the Sustainability Report of Teachers Mutual Bank Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review of the specified sustainability information in the Sustainability Report; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M C Bragg
Partner – Audit & Assurance

Brisbane, 28 September 2026

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ACN-130 913 594

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Independent auditor's review report



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Independent Auditor's Review Report on Specified Sustainability Disclosures of Teachers Mutual Bank Limited

To the Members of Teachers Mutual Bank Limited

Review conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Teachers Mutual Bank Limited and its controlled entities (the Group) for the year ended 30 June 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i> (AASB S2) (including related general disclosures required by Appendix D)	Location in the Sustainability Report
Governance	Paragraph 6	Section 4 on pages 93 to 94
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section 5.1 on page 96
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 7.1 on pages 105 to 106

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

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Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to January 2025 (the Code), together with the ethical requirements in the Act, that are relevant to our review of specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors are responsible for the other information. The other information comprises the Group's Annual Report, including the Financial Report and the Sustainability Report, but does not include the specified Sustainability Disclosures and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- a The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- b Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

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Inherent limitations in preparing the specified Sustainability Disclosures

The sustainability matters have the following inherent measurement or evaluation uncertainty:

- a Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.
- b As discussed in Section 3 on page 92 of the Sustainability Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Sustainability Report contains forward looking statements, including climate-related scenarios, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Auditor's responsibilities for the assurance of the specified Sustainability Disclosures

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- a Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control; and
- b Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures performed included, but were not limited to:

- a Enquiry of relevant personnel to understand the process for collecting, collating and reporting the specified Sustainability Disclosures during the reporting period;
- b Considering the completeness of the Group's assessment of climate-related risks and opportunities based on management's process and judgements;
- c Assessing the appropriateness of the reporting boundaries applied;
- d Agreeing a sample of specified Sustainability Disclosures in the Sustainability Report with the underlying records;
- e Agreeing a sample of underlying emissions data to supporting documentation, including evaluating the appropriateness of the emissions factors applied in management's calculations;
- f Evaluating whether management has appropriately applied the requirements of AASB S2 and the GHG Protocol in developing estimates used to report emissions, and whether the methods for developing such estimates are appropriate and have been applied consistently;
- g Evaluating the presentation and disclosure of the specified Sustainability Disclosures against the requirements of AASB S2;
- h Evaluating the methods, assumptions and data used for developing selected estimates and forward-looking information and evaluating how these methods were applied; and
- i Evaluating the work of management's expert, including their objectivity, competence, capabilities and findings, with respect to selected sustainability information.

Our procedures did not include assessing the adequacy of design or operating effectiveness of controls, assessing the adequacy of the Group's governance framework and processes or separately developing our own estimate to compare with the Group's estimates.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M C Bragg
Partner – Audit & Assurance
Brisbane, 28 September 2026

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