



# Annual Report

2025



Our customers



Our partners



# We're with you.



Our people



 Bank of Sydney



Our communities



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# Who We Are

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## Our Purpose

At Bank of Sydney, **our purpose is to create genuine value** for our people, customers, communities and partners. We believe in the power of human connection and our shared values drive everything we do.

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## Our Values



### Deliver customer delight

We deliver a simple and straightforward experience for our customers.

We foster loyal relationships built on empathy and understanding.

We respond quickly and communicate transparently.



### Together we thrive

We encourage open communication by listening and questioning thoughtfully.

We respect the diversity and culture of our people.

We nurture the development of our people and applaud their successes.



### Excellence in everything

We deliver beyond expectations with passion.

We innovate at every step.

We are accountable and embrace change for the better.

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# 2025 Highlights

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**Helping  
businesses  
thrive.**

**10%** New business customer growth

**50%** Business loan application growth

**64%** Increase in business loans settled

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**Making  
banking  
personal.**

**17%** New personal customer growth

**+66** NPS score

**83%** CSAT score

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**Here for  
the future.**

**4%** Loan growth

**7%** Deposit growth

**19.5%** Capital Adequacy Ratio

# Message from our Chairman

At Bank of Sydney, we are a relationship bank at our core, focused on helping customers achieve real outcomes whether that's buying their home, growing their businesses, or planning for the future. I have been fortunate to witness firsthand the care our people show to our customers, the pride they take in their work, and the connections that bind us across generations and communities.

As Chairman, my priority is to remain true to our values while we accelerate innovation and growth, always with our customers, our people, and our communities at the centre of every decision.

On behalf of the Board, I would like to acknowledge and sincerely thank Dr Nicholas Pappas AM, who was instrumental in shaping the character and strength of Bank of Sydney during his nearly two decades as Chairman, until August 2025. I would also like to thank The Hon. Stephen Bracks AC, for his dedication as Non-Executive Director over fifteen years until May 2025.

We also welcomed our new non-executive directors to the Board: the Hon. Kristina Keneally AO, Dunstan de Souza, and Diane Khoury. Each of them bring valuable expertise and experience, strengthening our ability to guide the Bank through its next chapter of development.

This year has once again been marked by economic uncertainty. Tariff escalations, particularly those arising from U.S. policy shifts, has created volatility across equity markets, while geopolitical tensions and rapid advances in AI investment continues to reshape conditions around the world.

Against this backdrop, the Australian economy has demonstrated real resilience. GDP grew by 1.8%, unemployment remained low at 4.3%, and housing construction regained momentum, supported by slightly lower interest rates and strong population growth. For Bank of Sydney, this reinforced the importance of prudence and adaptability, which are principles that have long guided our approach.

For us, 2025 was a year of significant and deliberate investment in our potential and our future. We embarked on the largest technology and transformation program in our history to make banking with us simpler, more accessible, and more responsive for our customers of today and for generations to come. Spanning platforms, systems, and digital capability, we will roll out this program in stages through 2026.



Looking to the year ahead, we are guided by a clear mission: to be a trusted partner, deeply connected to our customers, their families, and the communities we are proud to serve. Our strategy is clear, our foundations are strong, and our commitment to our stakeholders remains unwavering.

On behalf of the Board, I want to say thank you to our people, customers, shareholders, regulators, and community partners. Your trust and support are greatly appreciated and never taken for granted.

**Nikolas Hatzistergos**  
Chairman, Bank of Sydney

A handwritten signature in black ink, appearing to read 'N. Hatzistergos', written in a cursive style.

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# Message from our Acting CEO

2025 was a year of momentum at Bank of Sydney, thanks to our people's disciplined focus, collaboration, and dedication.

As a forward-thinking bank built on close relationships, we are focused on staying agile and relevant, while continuing to build strong ties across our communities. Investing in the elements that strengthen our future and the value we bring was a critical step towards our transformation.

## Building solid foundations for the future

2025 was one of the most intensive and productive years in our transformation journey. We balanced substantial internal change with consistent delivery for customers. It was a challenge our people met with professionalism, care and resilience.

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**We made significant progress across major components of our multi-year technology program, completing critical investments in new platforms, systems and digital capabilities.**

Of course, meaningful transformation wouldn't be possible without people who feel empowered and equipped to thrive through change. So we also strengthened capability across the organisation through leadership forums, mentoring, the Job Appreciation Program and expanded access to LinkedIn Learning, enabling our teams to build new skills and confidence as we evolve the way we work.

## Maintaining our financial stability and resilience

Despite significant investment in transformation and a challenging economic environment, we continued our positive momentum in 2025.

Our improved product portfolio, tailored solutions and personal approach to helping individuals prosper and businesses grow continued to resonate with our people, customers and the communities we serve. Direct home loan applications increased by 38% and business loan



applications saw a growth of 50%. Our total loan book saw a strong 4% growth, while deposits increased by 7%.

Our operational events dropped to a tenth of what we saw in 2024, indicating strong returns from investments in technology. Our capital adequacy ratio remained strong at 19.5% and liquidity held comfortably at 16.08%, highlighting our capacity to continue to support our future growth.

## Supporting community and deepening relationships

Our close ties to the community remained central to how we showed up in 2025.

We were proud to help grow The Reconnect Project's impact in giving more Australians access to digital devices through our annual Grant for Good program. We also continued to support a range of community organisations, cultural events and charities that reflect our heritage and our values, from the Greek Festival of Sydney, Antipodes Festival in Melbourne, to the Cyprus Festival in SA. We also supported and participated in a number of events and causes including the STRYDE4 Corporate Challenge and Vinnies CEO Sleepout Challenge. These initiatives reinforce who we are: a bank that stays close to its communities and the people who shape them.

Our partnerships with vendors were equally important. We worked closely with technology partners, operational service providers and transformation specialists who made sure our systems uplift stayed on track, we met

critical project milestones and helped us prepare for major releases ahead.

## Maintaining our focus on delivering value

While our strategy is responsive and evolving, it continues to be guided by where we know we can create distinctive value. Our strategic priorities for 2026 are to:

### 1. Be the best deposit bank in Australia.

Continue to simplify our deposit offering and enhance digital channels to give customers ease, clarity and confidence.

### 2. Provide the best experience to our mortgage customers.

Continue to improve processes, communication and decisioning to create faster, smoother customer experiences.

### 3. Deliver superior value to business customers.

We are building on the growth momentum across business lending with stronger execution and deeper relationship capability.

### 4. Empowering our people with tools and opportunities.

Through learning, leadership development and modernised systems, we will ensure our people continue to grow and thrive.

## Looking ahead

2026 will mark a pivotal shift where we start seeing our transformation in action.

With key digital enhancements rolling out, customers and teams will experience the benefits of the groundwork laid in 2025 – from simpler digital journeys and stronger self-service capability to faster operations and a more connected technology ecosystem.

We will continue to invest in our people and partnerships, ensuring we stay resilient, future-focused and easy to do business with.

I want to extend a heartfelt thank you to our people, board and shareholders. Your commitment, collaboration and shared sense of purpose have driven the incredible progress we made this year. I am deeply proud of the way we supported one another, our customers and our partners throughout 2025.

I look forward to building an even stronger 2026 together.

**Kieran McKenna**  
Acting Chief Executive Officer, Bank of Sydney



# Shaping a sustainable future

**At Bank of Sydney, we take a principled and responsible approach to the way we do business.**

We not only ensure that our actions protect and promote the interests of our internal and external stakeholders, but we also pay attention to the impact we have in terms of the environment, society and governance. We have identified the following key areas of focus that help shape the priorities of our Environmental, Social and Governance Program, ESG 360.



“Our commitment to service and community has grown only stronger over the years. We’re more connected to customers, more adaptive to change, and more committed to long term sustainability.”

**Stella Grilis, Acting Chief Financial Officer**



## Environmental

We have refined our operations and services, and we've instigated initiatives to reduce our carbon footprint and address environmental sustainability. This includes gradually evolving our offices and branches to be more digitally-orientated – reducing paper usage, using digital screens in branches, encouraging online applications, and more.

### Our key Environmental focus areas for ESG 360 are:

- Managing carbon and climate change vulnerabilities
- Water, waste and pollution management
- Transition to a circular economy
- Renewable energy and clean technology
- Compliance with climate disclosure obligations
- Enhanced capability to manage financial and non-financial risks.

## Social

Respecting human rights, developing positive community relationships, preventing modern slavery and fostering diversity and inclusion are all embedded in the Bank's core values and strategy. By working collaboratively with our key stakeholders to address these issues, we provide ourselves with the best capability to positively shape the future and deliver on our environmental and governance commitments.

### Our key Social focus areas for ESG 360 are:

- Human capital development
- Health and safety
- Ethical supply chain and sourcing
- Human rights
- Privacy and data security
- Community engagement, including a focus on First Nations peoples.



## Governance

Good governance includes the deliberate focus and inclusion in Committee responsibilities and throughout the Enterprise Risk Framework. Clearly defined roles and responsibilities are becoming increasingly important across the organisation, with a focus on the key role of the Bank's climate-related disclosure requirements. We will need to continue to uncover how climate-related measures impact remuneration of key personnel. As part of the Bank's strategy, it's important to identify the environmental and climate-related challenges we're trying to solve, identify the people, processes and technology required to solve them, and ensure they are approached and managed in an appropriate manner.

### Our key Governance focus areas for ESG 360 are:

- ESG reporting and disclosures
- Comprehensive risk-mitigation and management frameworks
- Board diversity
- Tax transparency
- Executive remuneration
- Business ethics

Policies that enhance corporate behaviour, including the protection of human rights.

# Investing in Better Banking



“I’ve really enjoyed being part of the business transformation programs that are reshaping how we serve our customers and how we operate as an organisation. It’s been rewarding to contribute to the programs that modernise our capabilities, improve customer experiences, and strengthen the Bank’s long-term sustainability.”

**Jace An, Head of Enterprise Architecture & IT Strategy**

## Making banking more personalised, efficient, and accessible through technology

We designed, built and tested the core technology platforms that will support faster, easier and more secure banking for our customers. This major technology uplift will simplify our systems, modernise our digital capability and strengthen the foundation for our future growth.

It will give customers better mobile and internet banking experiences, access to expanded self-service capabilities, and more personalised communication faster.

The technology will also streamline processes to make day-to-day operations more efficient for our staff, empowering them to focus on better serving our customers.



## 2025 key milestones



Built foundations for new Core Banking platform, to replace ageing legacy systems and simplify technology for faster feature delivery, better digital services and long-term scalability.



Implemented enterprise-wide customer relationship management system to support better service through 360-degree view of customers.



Simplified technology architecture, reducing the number of historic system integrations to enable faster, more stable and efficient service.



Progressed readiness for real-time payments, to enable us to support Fast Payments and future payment standards.



Moved more systems to secure, modern cloud platforms that allow us to keep pace with changes in the market.



Strengthened our data capability, uplifting our whole bank data platform to improve accuracy, accessibility and readiness for AI-driven insights and customer experience.



Enhanced our cybersecurity services model, adopting stronger monitoring and protection as part of our transition to cloud-based technology.



## Building momentum for future growth

Our investment in the future has created greater efficiency within the organisation, allowing teams to focus on providing more customer value.

- Simpler, more reliable systems that streamline operations
- Faster and more efficient digital improvements
- Fewer manual processes and increased efficiency through automation and AI in workflows
- Better quality data to support decision-making and customer insights
- Stronger security built into every layer of our technology.

## Partnerships supporting our transformation

Our progress in 2025 was supported by strong partnerships with trusted vendors who worked closely with our teams to deliver critical technology and operational outcomes. We thank our partners for their collaboration, expertise and commitment throughout the year.



## Delivering on our Investment

The years ahead mark a decisive shift for the business. The platforms and experiences built in 2025 will begin delivering real benefits for our customers, while better supporting our people in their everyday work. Over the next few years, Bank of Sydney will:

- Launch our new core banking platform, enabling real-time processing, fast payments and improved digital servicing
- Deliver enhanced mobile and online banking experiences
- Enable end-to-end digital onboarding for accounts and lending
- Expand AI enabled insights, automation and personalisation
- Continue simplifying our technology environment and improving operational efficiency.

# Creating More Value for our Customers



“Many of our customers have been with us for a really long time. That trust comes from staying closely in touch with them as individuals, their families, their businesses and meeting them in our communities. We always take the time to really listen and understand what matters to them and deliver on our promises.”

**Venessa Halidas, Customer Service & Sales Manager VIC**

In 2025, we made banking simpler, more accessible, and more personal - reinforcing our long-standing commitment to a relationship-led approach to banking. Across every channel, our teams deepened customer relationships, strengthened capability, and supported their communities and the multigenerational customers they serve.

## A focus on simplicity and exceptional service

Bank of Sydney has invested in dedicated support to ensure our service model reflects the needs of our customers, business owners and community organisations and associations.

We also have continued to focus on multigenerational banking, offering continuity and trusted relationships as our customers and their family needs evolve.

AI-enabled tools now support colleagues with faster, more consistent responses and less administrative load, augmenting the personal, relationship-led service customers value. Teams also streamlined hand-offs and simplified processes to speed up time-to-yes, reduce handbacks and free up time for meaningful customer conversations.

These improvements, alongside clearer priorities, leadership visibility, and dedicated support structures have contributed to a more empowered frontline, with more time to spend adding value to our customers and communities.

In 2025, our Australia-based Customer Service Centre delivered its strongest results to date, with NPS and CSAT scores up from previous years.

These improvements build on existing foundations - strengthening distribution channel effectiveness to achieve the right mix, volume and margin, and simplifying processes to remove friction and reduce steps for customers and staff. Together, they make collaboration easier across teams and enhance the overall customer experience.



## Better customer experiences



**NPS: +66  
(2025)**

Up from +53 (2024)  
and +49 (2023)



**CSAT: 83%  
(2025)**

Up from 69% (2024)  
and 66% (2023)



**Faster  
navigation**

through fewer  
IVR sub-menus



**1% call  
abandonment**



**Efficient**

customer complaints  
resolution

## Connecting across cultures

Representing a rich diversity of cultural backgrounds, our people are as diverse as our customers. Many are multilingual and understand the importance of being able to bank in the language and cultural context that's most comfortable. This is especially critical in Retail and Business Banking, where cultural fluency supports family-owned businesses, community groups and associations that bank with us across generations.

## Preparing our frontline for the future

In 2025, we also focused on preparing our people for modern, digital-enabled banking through:

- Dedicated training and development that supports continuous learning and internal mobility.
- Specialist roles that improve responsiveness where customer demand is growing.
- Digitally capable talent recruitment to support simpler, faster ways of working and platform modernisation.

These initiatives sit alongside our 2025 foundations of updated scorecards and incentives - aligning effort to risk, growth and customer value - and distribution channel effectiveness, so our people have clarity on where to focus and how success is measured.

## Making risk ownership everyone's business

Bank of Sydney has strengthened oversight, accountability and day-to-day decision-making by bringing risk ownership closer to frontline teams through our Divisional Risk Committee. This governance uplift complements our ESG commitments to responsible, transparent management and supports our execution focus into 2026.

## Growing market presence through better service

Our frontline strategy focuses on clear ownership, faster decisions, and one-team execution. And it shows up in our market outcomes. In 2025 we laid the groundwork: segmented Business Banking and refreshed our service proposition, improved broker channels across Business and Retail, and sharpened distribution effectiveness. As these embed, we're seeing increased brand awareness, record growth in business customers, cross-skilled BDMs serving both Retail and Business, and more consistent SLA delivery - positioning us for 2026 execution, growth and returns.

# Empowering our People



“Our people remain the driving force behind our purpose, and they continue to define Bank of Sydney’s culture, performance and customer experience.”

**Belinda Sathurayar, Chief People Officer**



Creating a supportive and safe workplace matters to us at Bank of Sydney. When our people feel valued, included and supported, they’re able to do their best work. This creates a positive environment where everyone can grow and succeed.

In 2025, we continued to invest in strengthening our culture—supporting our leaders, helping our people grow, prioritising wellbeing, recognising great work, and staying closely connected to our communities. Together, these efforts help us attract, engage and retain talented people across the Bank.

## Developing our leaders’ capability

Throughout the year, our extended leadership team participated in a series of Leadership Forums to align on

business plans, reinforce expectations, and embed the behaviours needed to execute our strategy successfully. These sessions supported greater cohesion and unity across teams and enabled leaders to effectively guide their people through ongoing transformation.

## Creating future pathways

We continued to nurture capability and career growth with a broad suite of development opportunities. Employees engaged in the Mentor Program, Job Appreciation Program, and LinkedIn Learning sessions to build new skills, deepen their expertise and enhance their professional experience.



## Supporting financial wellbeing

Ongoing cost-of-living pressures impacted many Australians in 2025, so we continued to provide meaningful financial support to our people. Through our PerkBox program, they accessed substantial savings on everyday products and services, from groceries to experiences, helping ease household expenses and financial stress.

## Celebrating excellence

Peer-to-peer recognition is central to our culture. Our people embraced our employee communications platform, Viva throughout 2025, celebrating achievements, acknowledging contributions, and strengthening collaboration across the Bank. Formal recognition also continued through our Annual Awards Program, where the Executive team acknowledged exceptional performance and behaviours.

## Employee of the Year

**We celebrate and recognise our people through diverse initiatives including Spot Awards, Quarterly Awards and Annual Awards.**

In 2025, our Employee of the Year Award went to Cheryl San Andres, who has played a pivotal role in reshaping the Bank's technology and transformation agenda. Her leadership and ability to rally our team around a shared vision directly led to the development and implementation of major, high impact technology programs critical to the Bank's future.

“There’s a strong sense of pride across the organisation. Our people care about the Bank, about our customers and about each other. There are plenty of opportunities for growth and to build broader expertise, understanding and perspective to help provide genuine value for our people.”

**Rebecca Kahwaji,**  
Senior People & Culture  
Business Partner



# Supporting our Communities



“Supporting local events is important to us because we’re genuinely part of the community. These events give us the chance to meet new people and stay close to our customers, colleagues and partners who are involved. It’s about showing up, staying connected and being part of something that matters to the community we share.”

Christos Karalis, National Manager, Premium Banking



**Nurturing our ties and engagement with the community is a significant part of who we are and how we work. It’s also core to our ESG commitments around community engagement and inclusive service.**

Our people actively participated in a range of social and community initiatives that helped build connection, belonging, and shared purpose. They partnered with schools, cultural associations, local groups, and community networks to lift financial literacy, increase relevance with younger generations, raise funds and reinforce long-standing community relationships.

Teams also contributed to key public events and festivals, reflecting both our heritage and our ongoing commitment to our customers including the Greek Festival of Sydney, Antipodes Festival in Melbourne to the Cyprus Festival in SA.



Engagement with the business community remained a priority, reflected in our participation in a broad range of initiatives including the CBD Sydney Chamber of Commerce events (including its 10 Year Anniversary) and our involvement across Chamber roundtables, expos and professional networking forums nationally.





“Supporting our customers, our communities, and the charities we partner with is at the heart of who we are. Being part of an organisation where brand and purpose are genuinely aligned is really meaningful.”

Alicia Del Core, Head of Communications



We also supported broader social needs, participating in charitable and community activities reinforcing our commitment to positive social outcomes and community wellbeing. Our Head of Business Banking, Sam Tomaras braved the cold Sydney night for the CEO Sleepout and members of our team strapped on their walking shoes for the STRYDE4 Corporate Challenge. We were also proud sponsors of the Facioscapulohumeral Muscular Dystrophy Global Research Foundation’s Chocolate Ball and Heartfelt’s Inaugural Gala Fundraiser, supporting causes close to our hearts.

**These activities strengthened bonds across our teams while deepening our connection to the broader communities we proudly support.**



## The Grant for Good at Work in the Community

Bank of Sydney has been incredibly proud to support the 2025 Grant for Good winner, The Reconnect Project.

The Reconnect Project helps close the digital divide by refurbishing pre-owned mobile devices and giving them to people in need, as a quarter of Australians have limited access to digital technologies and devices impact their social, educational and economic inclusion. From giving elderly residents an easier way to connect with health services to helping women in refuge rebuild their lives, or children access to educational services - social enterprise turns landfill-bound devices into opportunity for vulnerable Australians.

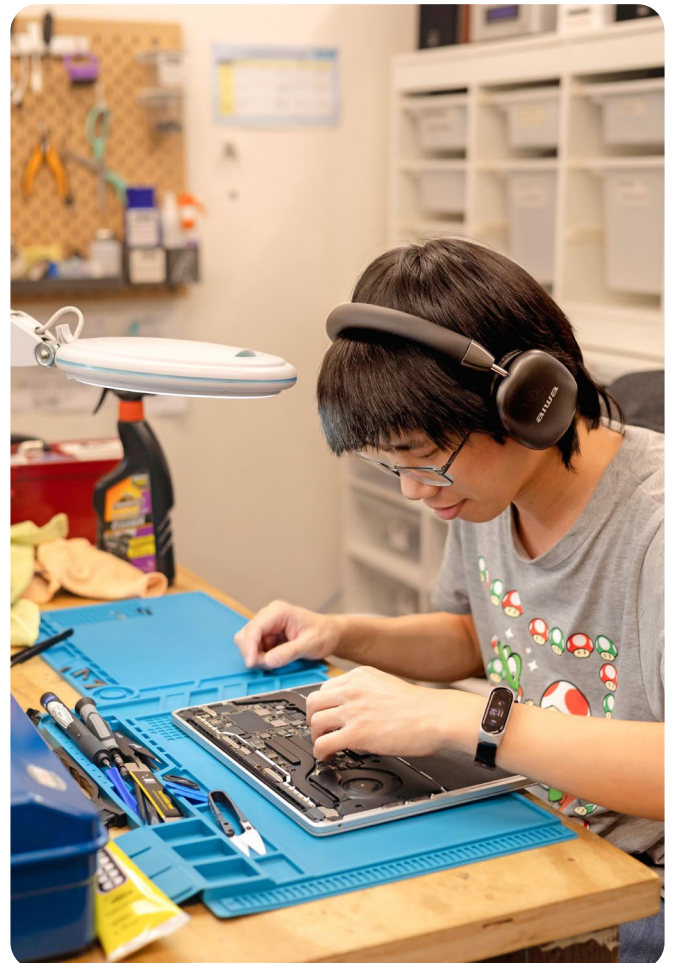
The Reconnect Project also trains and employs neurodivergent young adults, giving them employment opportunities and a safe environment to upskill and build confidence.

The grant will create employment opportunities for two neurodivergent young people, allow the organisation to buy essential materials for repairs, and give 100 people in need critical access to refurbished digital devices that were bound for landfill.



“This grant means more young adults can access meaningful employment, and more families get the technology they need to study, work, and connect. We’re grateful for Bank of Sydney’s support in helping us tackle both the digital divide and Australia’s fastest-growing waste stream.”

**Annette Brodie, CEO, The Reconnect Project**



# Corporate Governance

**The Board of the Bank is ultimately responsible for the Risk Management Framework. The framework guides our corporate governance arrangements, which the Board continually reviews and calibrates, given ongoing regulatory change and stakeholder expectations.**

The Board is supported by Board sub-committees which focus on a range of governance and risk matters. The Committees include the Board Audit Committee, Board Risk Management Committee and Board Nomination & Remuneration Committee. The Board delegates responsibility for the day-to-day management of risk to the Chief Executive Officer, who in turn delegates authority to members of the Executive Leadership Team.

## Risk Management

The Bank maintains a risk management framework that enables us to develop and implement strategies, policies, procedures and controls to manage different types of risks. Risks we monitor, measure and evaluate are those which could have an impact, or benefit, to the Bank in terms of financial and non-financial risk. The framework provides the Board and Management with a comprehensive, organisation-wide view of risks, which includes minimising risk and setting appetite and controls for considered growth.



## Current Key Material Risks identified and managed by Bank of Sydney

### Liquidity & Funding Risk

This is the risk of loss due to the inability to fund obligations and commitments as they fall due. This may be the result of inefficient funding mechanisms or difficulty liquidating assets in a timely manner. The Bank's approach to the management of Liquidity & Funding Risk is governed in the Bank's Treasury Risk Management Framework (TRMF), Risk Appetite Statement and associated policies.

### Capital Risk

As an Authorised Deposit-taking Institution, and as defined in APS 110: Capital Adequacy (and other capital related prudential standards), the Bank must maintain a level and quality of capital commensurate with the type, amount and concentration of risks to which it is exposed through its activities.

### Market and Investment Risk

The TRMF and its associated policies also contain policy and procedural guidelines relating to Investment Risk, Interest Rate Risk and Foreign Exchange Risk. The Bank does not operate or 'run' trading books in Foreign Exchange, Fixed Income Instruments, Equities or Commodities.

### Credit Risk

The Bank's Credit Risk Appetite reflects our organisational objectives, strategies, environmental influences, prudential and legislative requirements, stakeholder expectations and management risk appetite. Our Credit Risk Management Strategy, as detailed in the Bank's Credit Risk Management Framework (CRMF) and associated policies, is set in accordance with our regulatory obligations as per APS 220 Credit Quality. Specific risk appetite thresholds pertaining to Credit are contained in the Bank's Risk Appetite Statement (RAS).

### Operational & Compliance Risk

Operational Risk is inherent in all banking products, activities, processes and systems, and the effective management of operational risk is a fundamental element of a bank's risk management program. Sound operational risk management reflects the effectiveness of the Board and Management in administering our portfolio of products, activities, processes, and systems.

Key areas of operational risk include: Customer, internal and external fraud, operational effectiveness, regulatory change, and anti-money laundering/counter-terrorism financing (AML/CTF). We have developed an Operational Risk Management Framework (ORMF) to establish an overall approach for managing operational risk and compliance within the Bank and meet the relevant regulatory requirements. The Bank defines Compliance Risk as the risk of a failure to comply with relevant laws, policies and regulations, as a result of inadequate or failed internal processes, people failures, external events or systems. Compliance Risk evolves as regulation, industry and consumers' requirements and expectations change. The Bank has processes in place to identify and monitor compliance with existing and changing environments.

### Information Security & Technology Risk

Information Technology Security Risk is defined as the risk of a loss or inability to maintain sufficient levels of service as a result of an information system failure or breach. Such an event may arise due to external events and people or a system failure. The rapid pace of technological change globally continually generates emerging risks for all commercial entities. The Board therefore requires Management to maintain an appropriately robust control environment, supported by transparent and timely reporting. The Board is also kept well informed of key elements of the Bank's technical infrastructure, to maintain strong oversight and governance over the strength of those systems. During 2025, the IT Leadership Team developed the IT Application Architecture Roadmap for 2025-27. This roadmap provides clarity on the future state Application Architecture landscape. The roadmap - alongside other standard external and internal assurance work - has outlined the key technology related activities for 2026-27.

### People Risk

The risk of inadequate people management, engagement and capabilities may arise due to insufficient resources and capacity, lack of suitable training, or inability to maintain staff engagement. The result may impact other material risks.

### Reputation Risk

Reputation Risk is managed by all customer-facing staff who must follow policies and procedures, and act in a manner that provides the best possible customer experience. Support is provided by the Customer Advocacy team who review and manage any customer complaints or issues that are formally reported.

### AML/CTF Risk

As an AUSTRAC Reporting Entity, the Bank faces the risk of non-compliance with the Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024 (AML/CTF Act). These include requirements as a 'Reporting Entity' and an expectation to maintain a formal AML/CTF program in accordance with the Act.

### Scam / Fraud Management Risk

Scam Risk is defined as the risk of losses to the customer or the Bank due to inadequate processes and digital defences. Alongside industry initiatives, our aim is to minimise losses to customers and the Bank from scam and fraud activity. Scam Risks are managed by all staff who have responsibility for the prevention and detection of potential and actual scam activity. The Bank's Enterprise-Wide Scam Management Strategy outlines the Bank's strategy for the prevention, detection and response to scams.



**Scammers may threaten or persuade you to take immediate action.**



**Scammers may try to impersonate banks, companies or family members.**



**Scammers will send you offers that sound legitimate and tempting.**



### Strategic Risk

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) specifically makes provision for a capital allocation against Strategic Risk. In this context, Strategic Risk is defined as the risk to earnings associated with unexpected adverse changes in the business environment with respect to the operating environment, actions of competitors, industry changes and technological changes.

### Governance Risk

Risks arising from ineffective Governance processes have the potential to materially impact the Bank in an adverse manner. Compliance with regulatory and/ or industry obligations is closely monitored across the business, recorded through incident reporting to the Board and/ or Committees. Operational deficiencies linked back to inefficient governance are also identified through oversight processes (Lines 1, 2 and 3). Frameworks have been established to regularly test controls and seek assurances from accountable persons within the Bank.

### Environmental, Social & Governance Risk

Environmental, Social and Governance Risk comprises the potential consequences that environmental, social and governance issues can have on the Bank's capital and revenue. These three elements are defined as follows:

- Environmental Risks are the impact the Bank has on the environment, such as through the amount of greenhouse gas emissions produced, water waste contributed to and impact on elements such as biodiversity.
- Social Risks include risks arising from fair and safe working practices, supplier engagement and practices and advocating for diversity, equity and inclusion.
- Governance Risks are those which arise from how the Bank is managed, how the Board is structured, remuneration and compensation consideration and general communication strategies. As the Bank's business model evolves, climate change impact will remain a consideration when determining the validity of relevant strategies.

## Governance Framework

The diagram below illustrates the 'three lines of defence' model, and the governance structure which defines the way the Bank identifies, measures, monitors and reports on key risks from management level through to the Board.



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## Board of Directors



### **Mr. Nikolas Hatzistergos**

#### **Non-Executive Chairman**

Mr. Hatzistergos has over three decades experience in executive leadership and corporate governance. He currently holds positions as Executive Chairman of William Buck (NSW) Pty Ltd, President of the Hellenic Club Limited, Director of the Management Board and Member of the Governing Council of Praxity (AISBL). He is also a Director and Chairman of the Audit and Finance Committee for South Sydney District Rugby League Football Club Limited ('The Rabbitohs').



### **Mr. Ben Edney**

#### **Chairman of the Board Risk Management Committee**

Mr. Edney is Chairman of the Board Risk Management Committee and Credit Review Committee. He is an accomplished finance industry expert with 30 years domestic and international experience with National Australia Bank and KPMG in advisory, risk and restructuring. In addition to his directorship with Bank of Sydney, Mr. Edney is also chairman of Williams Holdings Limited in New Zealand, a director of Nimble Money Limited and Managing Director of Lempriere Capital and agPAY Pty Ltd.



### **Mr. Gregory Gavrielidis**

#### **Independent Non-Executive Director**

Mr. Gavrielidis is a Director of Mars Property Group.



### **The Hon. Kristina Keneally AO**

#### **Independent Non-Executive Director**

The Hon. Kristina Keneally AO is a seasoned leader with nearly 30 years of experience across public and not-for-profit sectors. A former Premier of New South Wales and Senator in the Federal Parliament, she has dedicated her career to creating positive change for individuals and communities, holding front bench portfolios in government in Planning, Disability Services, Ageing and Infrastructure, and in opposition in Home Affairs and Immigration. She currently serves as CEO of the Sydney Children's Hospitals Foundation, leading its mission to help all sick kids, no matter where, no matter what.

A passionate advocate for Indigenous rights, The Hon. Kristina Keneally AO was appointed to the Referendum Council by Prime Minister Malcolm Turnbull.

She previously held roles as CEO of Basketball Australia and Director of Gender Inclusion at Macquarie Graduate School of Management. She has also served on numerous charitable boards, including as Chair of Souths Cares and director roles with the McKell Institute and the United States Studies Centre.

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## Board of Directors



### **Ms. Diane Khoury GAICD** **Independent Non-Executive Director**

Ms. Khoury is a senior lawyer and Graduate of the Australian Institute of Company Directors (GAICD). She currently serves as Group General Counsel for a family office and is part of their group executive team. Ms. Khoury has over 25 years of experience as a generalist in corporate real estate transactions, development, and dispute resolution and governance. Ms. Khoury brings deep expertise in complex deal structuring, stakeholder management, and strategic partnerships. Her work spans major developments, PPPs, funds management, finance and investments, with a strong track record in commercial, industrial, retail, healthcare and hotel sectors. She is also highly experienced in HR matters, risk and operational strategy.

Ms. Khoury has held not for profit board roles with WLCU and the Maronite Catholic Church, and also contributed to a number of Committees on the Property Council of Australia between 2017 and 2023, including the NSW Precincts Committee.



### **Mr. Dunstan de Souza** **Independent Non-Executive Director**

Mr. de Souza is a Consultant at the law firm Colin Biggers & Paisley, he was Managing Partner for a decade and joined the firm in 1985.

He has almost a decade of experience in executive management and currently holds positions, including Governor the College of Law Australia, Chair of the NSW Chapter Board of the College of Law, Director of the Civic Disability Services Limited Board, several roles for the Order of Malta in Australia and Public Officer for Cronulla Sutherland Water Polo Club.

Mr. de Souza holds a Bachelor of Economics and a Bachelor of Laws. He was admitted as a solicitor in 1985 and is a member of the Law Society New South Wales.



### **Mr. Sarkis Nassif** **Non-Executive Director**

Mr. Nassif is the Founder and Chief Executive Officer of Holdmark Property Group with a 35-year commitment to the investment, development and construction industries. In 2017, Mr. Nassif was awarded the Property Person of the Year by Urban Taskforce and in 2019, awarded the EBA accolade for best medium to large business. Mr. Nassif also supports significant philanthropic work, benefitting medical, educational, cultural and community organisations within Australia and internationally.



### **Mr. Fouad Chaker** **Non-Executive Director**

Mr. Chaker is also the Senior Executive Officer at Bank of Beirut, with more than 45 years of banking experience.



### **Mr. Roger Dagher** **Non-Executive Director**

Mr. Dagher is also the Group Chief Financial Officer at Bank of Beirut, with more than 30 years of banking experience.

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## Leadership Team



### **Kieran McKenna** **Acting Chief Executive Officer**

Kieran is the Acting Chief Executive Officer (CEO) of Bank of Sydney, Australia (effective 3 November 2025).

Since joining the Bank in early 2024, he has held the role of Chief Risk Officer (CRO), responsible for ensuring Bank of Sydney's risk management processes effectively protect our customers, employees and key stakeholders.

Kieran is an experienced leader with over 30 years' within the Australian financial services sector, leading and shaping business, risk and compliance functions to support the achievement of business strategies. His previous leadership roles include: Chief Risk Officer with Cuscal, General Manager, Business Risk – Retail Division with Commonwealth Bank, Head of Risk – Retail (& Wealth) with Westpac Group and General Manager Risk at ASX.

He has been a Director of various Industry bodies throughout his career.

He holds a Master of Business Administration and Advanced Management Program qualification from Macquarie Graduate School of Management (MGSM). He is a Fellow of FINSIA and a Member of AICD.



### **Huw Bough** **Chief Banking Officer**

Huw is the Chief Banking Officer (CBO), responsible for Retail Banking, Business Banking and Third-Party Distribution.

Huw is a seasoned Group Executive with more than 25 years industry experience in distribution, franchising, retail and intermediary channels. He has a deep understanding of business to consumer and business to business channels, with proven experience in successfully driving strategy and execution for both direct and broker channels. His previous roles included: General Manager of Banking MyState Bank, as well as a number of GM roles within the Westpac Group.

He holds a Diploma of Finance, and Mortgage Broking Management.



### **Stella Grilis** **Acting Chief Financial Officer**

Stella is the Acting Chief Financial Officer (CFO) and responsible for managing the Finance, Treasury and Strategy & Execution Planning functions of the Bank. Stella joined the Bank in 2004 and has held the roles of Financial Control Officer, Management and Regulatory Accountant, Credit and Liquidity Risk Manager, and Acting Chief Risk Officer, before assuming the role of Acting CFO in November 2025.

Stella holds a Bachelor of Business from the University of Technology Sydney and a CPA designation.



### **Maria Karavias** **Chief Marketing Officer**

Maria is the Chief Marketing Officer (CMO) and responsible for Brand & Advertising, Customer Value Proposition, Customer Experience and Product Management for Bank of Sydney. Maria has over 25 years' experience working for many of Australia's leading companies within financial services, media, retail and business services to deliver exceptional customer and business outcomes.

Maria holds a Bachelor of Commerce from the University of Tasmania and an MBA from the University of NSW.

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## Leadership Team



### **Michael McKenzie**

#### **Acting Chief Risk Officer**

Michael is the Acting Chief Risk Officer (CRO), responsible for ensuring Bank of Sydney's risk management processes effectively protect our customers, employees and key stakeholders.

Michael is an experienced risk management executive with over 20 years of risk, compliance, project assurance, remediation and audit expertise working across financial services, technology, state and federal governments.

His previous roles included: General Manager of Risk Business Partners at Xero, advisory roles with the National Disability Insurance Agency, NSW Governments' insurance agency, iCare, 86400, and Chief Risk Officer for PayPal Australia. Michael also holds a Bachelor of Commerce and is a Member of AICD.



### **Belinda Sathurayar**

#### **Chief People Officer**

Belinda is the Chief People Officer (CPO) and responsible for driving the people agenda to achieve the Bank's strategic goals. With over 20 years' experience in human resource management within professional services, Belinda is a strategic people partner that drives the business throughout the employee lifecycle to attract, engage and retain the right talent in the Bank.

Prior to joining Bank of Sydney, Belinda has held various senior human resource leadership positions within assurance, financial, legal and accounting firms. Belinda has studied at the Australian Human Resources Institute and holds a Diploma in Management at the University of Sydney.



### **Diana Sitnikoski**

#### **Chief - Credit Operations**

Diana is the Chief - Credit Operations (C-CO) and is responsible for Credit Operations, Credit Recovery and Management of Non-performing Loans. Diana joined Bank of Sydney as a Credit Manager in 2005 before assuming her current role in December 2016.

Diana brings with her more than 20 years' experience in retail and commercial lending, and holds a Bachelor of Economics and a CPA designation.



### **Brian Taylor**

#### **General Counsel and Company Secretary**

Brian is the Company Secretary of Bank of Sydney. Furthermore, he is a member of the Executive Team and leads the legal department and customer advocacy function in his role as General Counsel.

Brian has over 30 years' experience in commercial law and holds a Bachelor of Business (Accounting)/Bachelor of Laws and Master of Laws from the Queensland University of Technology and Master of Laws from Queen Mary & Westfield College, University of London.



### **Geoff Wenborn**

#### **Chief Operating Officer**

Geoff is the Chief Operating Officer (COO) and responsible for all technology and operations at Bank of Sydney. Geoff is a seasoned technology and digital transformation leader with deep experience across multiple industries, including banking and financial services, retail, health, energy and utilities. He has held senior C suite and executive technology roles across large and mid-sized national and global organisations, leading complex technology, digital and operational change programs.

Geoff has had founder, director and advisor responsibilities in multiple IT start-ups and FinTechs. He has also participated on various IT industry and Not for Profit advisory boards including the Starlight Children's Foundation. Geoff holds a Master of Business Administration from RMIT University and a Bachelor of Science from Monash University.

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# Remuneration Report

**The information set out in report is provided to meet the public disclosure requirements for the APRA Prudential Standard - CPS 511 Remuneration.**

## Remuneration Framework

The Bank of Sydney ('Bank') Remuneration Framework is built on a foundation of commitment to sound governance, ethical practices and prudent risk management. The framework is designed to encourage and reward actions and create accountability for performance and behaviours to create value for our people, customers and shareholders.

Our Remuneration Framework consists of a number of components including the Bank's values, remuneration governance, Risk Management Framework and strategy, remuneration and associated policies, procedures and systems.

## Remuneration Policy

The Bank's Remuneration Policy is a key pillar of our Remuneration Framework which:

- Is aligned with our business plan and strategic objectives;
- Is aligned with our Risk Management Framework, to promote effective management of financial and non-financial risks, sustainable performance, and long-term soundness, and to support the prevention and mitigation of conduct risk;
- Meets prudential and regulatory standards;
- Appropriately balances measures of performance weighted KPIs towards achievement of business goals and long-term shareholder interests;
- Aligns financial and non-financial performance objectives – and are determined in line with the annual financial budget set and approved by the Board;
- Includes a balance of non-financial objectives that vary depending on the position, and include measures relating to the achievement of risk and compliance, strategic outcomes, customer results, and culture and engagement;
- Provides variable performance-based pay for Executives including a short-term incentive plan, aligned to weighted financial and non-financial performance measures;
- Recognises and rewards strong performance;
- Provides a considered balance between the capacity to pay and the need to pay to attract and retain the right talent; and
- Includes the exercise of Board discretion as an ultimate means to approve remuneration arrangements.

## Remuneration Report (continued)

### Key Management Personnel

Key Management Personnel (KMP) are defined as persons having material authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director, Senior Executive or otherwise of the entity. As such, the KMP for the Bank comprises of the Non-Executive Directors, the Chief Executive Officer, and other senior executives.

KMP who served the Bank in our financial year ended 31 December 2025 include:

Name	Role	Commenced / Exited the Bank	Board Remuneration & Nominations Committee
<b>Directors</b>			
Nicholas Pappas	Chairman	From 26/3/2001 to 26/8/2025	Chair to 26/8/2025
Nikolas Hatzistergos	Non-Executive Director	28/8/2006 to 26/8/2025	Member to 26/8/2025
	Chairman	26/8/2025	Chair from 26/8/2025
Roger Dagher	Non-Executive Director	7/7/2016	Member
Ben Edney	Non-Executive Director	15/3/2017	
Greg Gavrielidis	Non-Executive Director	31/5/2005	Member
Fouad Chaker	Non-Executive Director	28/2/2011	
Stephen Bracks	Non-Executive Director	From 18/5/2011 to 1/5/2025	
Sarkis Nassif	Non-Executive Director	15/5/2020	
Kristina Keneally	Non-Executive Director	1/10/2025	
Dunstan de Souza	Non-Executive Director	1/10/2025	
Diane Khoury	Non-Executive Director	1/10/2025	
<b>Management (Executive Committee Members)</b>		<b>Commenced as a KMP</b>	
Melos Sulicich	Chief Executive Officer	From 15/5/2023 to 26/4/2026	
Kieran McKenna	Chief Risk Officer	From 12/2/2024 to 2/11/2025	
	Acting Chief Executive Officer	From 3/11/2025	
Michael McKenzie	Acting Chief Risk Officer	24/11/2025	
Victor Andersson	Chief Financial Officer	From 18/2/2019 to 14/11/2025	
Stella Grilis	Acting Chief Financial Officer	17/11/2025	

During the period the Board met on seven occasions, and there were three BRNC meetings.

### Remuneration Governance

The Bank's Board Remuneration & Nominations Committee (BRNC) consists of three Non-Executive Directors (NEDs) and assists the Board to meet its remuneration governance obligations required by APRA Prudential Standards and the Financial Accountability Regime (FAR).

The BRNC reviews input provided by the Chief Executive Officer and Chief Risk Officer and makes recommendations to the Board to approve:

- Individual remuneration arrangements for NEDs, the Chief Executive Officer and other Executives reporting to the CEO;
- Individual Executive Short Term Incentives (STI) for the CEO and direct reports to the CEO, including setting gate openers and performance measures, and assessing performance recommendations for payment;
- The aggregate remuneration increases and bonus pool for all staff;
- Appropriate exercise of Board discretion on other variable remuneration matters.

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## Remuneration Report (continued)

In accordance with Prudential Standard 511 - Remuneration, the BRNC also oversees the structure of remuneration, for risk and control personnel, including performance-based components, so that it does not compromise the independence of these personnel in carrying out their functions.

### Non-Executive Director Remuneration

Bank of Sydney's Non-Executive Directors (NEDs) are paid annual fixed fees including statutory superannuation, for their services. NEDs are also entitled to reimbursement of reasonable associated expenses. NEDs do not receive any short-term or long-term incentive payments, nor any other benefits.

The Board determines the level of fees paid according to the level of need to attract and retain NEDs, the level of skills and experience required, and the type and number of committees they are a member of.

### Executive Committee Remuneration

Bank of Sydney's Executive Committee consists of the Chief Executive Officer (CEO) and other Executives who report directly to the CEO.

For the purpose of compliance with the Financial Accountability Regime, the Executive Committee are determined as material risk takers within the business.

Remuneration packages of the Executive Committee are designed to support the Bank's efforts to attract and retain experienced and culturally fit leaders. On an annual basis, a review is performed of the remuneration arrangements for the Executive Committee to ensure that:

- There are sufficiently robust performance measures and targets that encourage superior performance and ethical accountable behaviour;
- Performance is measured against individual and company targets; and
- Remuneration arrangements are benchmarked against comparable market data, whereby external remuneration advice may be sought.

Executive remuneration packages contain two key elements:

#### Total Fixed Remuneration:

- Includes cash and statutory superannuation and optional salary sacrifice;
- Is set relative to the strategic value, complexity and breadth of role;
- Is set at a level with reference to skills and experience;
- Is set at a level that is in line with external market benchmarks; and
- Is reviewed every 12 months.

#### Short Term Cash Incentives (STI):

- Provide appropriate recognition and reward for meeting or exceeding performance targets;
- Performance targets are linked to the Bank's financial and non-financial performance, and the roles of Executives in achieving positive business outcomes;
- Performance targets are clearly articulated on Executive scorecards including a mix of financial and growth measures, and non-financial measures pertaining to risk, employee engagement and customer satisfaction;
- STI is calculated as a percentage of fixed remuneration for each Executive as approved by the Board;
- Has performance hurdles and gateways for financial and risk management issues;
- The Bank complies as required with deferral requirements of STI as per CPS511.

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## Remuneration Report (continued)

### Performance Assessment

In assessing performance of the Executive Committee, the Bank adopts a robust methodology using a balanced scorecard which links variable remuneration to the Bank's financial results and individual financial and non-financial criteria in order to promote effective management of risk and reward.

At the end of each financial year, the CEO assesses the performance of Executives against their Key Performance Indicators (KPIs), together with a company and individual risk assessment, and makes a recommendation for each Executive to the Board Nominations & Remuneration Committee and ultimately the Board. The Chief Risk Officer provides their recommendations on performance against the non-financial criteria.

### Impact of Business Performance on STI Rewards

The Board retains complete discretion over STI payments, including the right to reduce or forfeit payments to protect the financial soundness of the Bank. Threshold performance levels for risk and compliance, behaviour standards and Bank performance must be met or exceeded for STI payments to be made.

Payment of STI takes into account a qualitative overlay that reflects the Bank's management of business risks, shareholder expectations, and quality of the financial results (for example no breach of capital adequacy or liquidity policy).

For the purposes of calculating the STI pool each year, the financial performance of the Bank is determined by a mix of targeted financial earnings, net profit after tax (NPAT) and Return on Equity (ROE).

### STI Risk Adjustment

As per CPS511, the Bank may adjust payment of variable remuneration (STI) for any employee in the event of serious misconduct, or a significant failure, breach or error that creates an unacceptable risk event within the business. Adjustments to STI may include reducing, eliminating or clawback of any payments made or to be made.

# **Financial Statements**

# **2025**

# Directors' report

For the financial year ended 31 December 2025.

## Introduction

The Directors of Bank of Sydney Limited ('the Bank') and its subsidiaries (hereafter referred to as 'the Group'), submit their Directors' report with the annual financial report of the Group for the financial year ended 31 December 2025. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

The following Directors held office during the whole of the financial year and since the end of the financial year except unless otherwise noted below.

### Directors in office and/or newly appointed for the period

**Mr. Nikolas Hatzistergos**

Chairman and Independent Non-Executive Director  
Appointed 28 August 2006  
Chairman since 26 August 2025

**Mr. Gregory Gavrielidis**

Independent Non-Executive Director  
Appointed 31 March 2005

**Mr. Fouad Chaker**

Non-Executive Director  
Appointed 28 February 2011

**Mr. Roger Dagher**

Non-Executive Director  
Appointed 7 July 2016

**Mr. Ben Edney**

Independent Non-Executive Director  
Appointed 15 March 2017

**Mr. Sarkis Nassif**

Non-Executive Director  
Appointed 15 May 2020

**The Hon. Kristina Keneally AO**

Independent Non-Executive Director  
Appointed 1 October 2025

**Ms. Diane Khoury**

Independent Non-Executive Director  
Appointed 1 October 2025

**Mr. Dunstan de Souza**

Independent Non-Executive Director  
Appointed 1 October 2025

### Directors that resigned during the period

**Dr. Nicholas Pappas AM**

Chairman and Independent Non-Executive Director  
Appointed 26 March 2001  
Resigned 26 August 2025

**The Hon. Stephen Bracks AC**

Independent Non-Executive Director  
Appointed 18 May 2011  
Resigned 1 May 2025

## Directors' report

### For the financial year ended 31 December 2025 (continued)

#### Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors during the financial year. Prior approval from the Chairman was received for all Directors regarding their apologies at Board and Board Committee Meetings. One off or limited purpose Board Committees will generally deal with matters via circular, or short meetings as and when required.

Directors	Board Operations		Board Audit Committee		Board Risk Management Committee		Board Nominations and Remuneration Committee		Board Project Apple Sub-Committee	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Nicholas Pappas AM	4	4	4	2	-	-	2	2	-	-
Nikolas Hatzistergos	7	7	6	6	-	-	3	2	6	6
Gregory Gavrielidis	7	7	-	-	5	5	1	1	-	-
Hon. Steve Bracks AC	2	1	-	-	-	-	-	-	-	-
Fouad Chaker	7	6	-	-	-	-	-	-	-	-
Ben Edney	7	7	-	-	6	6	-	-	6	6
Roger Dagher	7	7	6	6	6	6	3	3	6	6
Sarkis Nassif	7	7	-	-	-	-	-	-	-	-
Hon. Kristina Keneally AO	4	4	-	-	-	-	-	-	-	-
Diane Khoury	4	4	-	-	2	2	-	-	-	-
Dunstan de Souza	4	4	2	2	-	-	-	-	-	-

#### Former partners of the audit firm

None of the Directors held a former partnership position in an audit firm, or is a director of an audit firm, that is also the auditor of the Group.

#### Remuneration of Directors and Key Management Personnel

Information about the remuneration of Directors and Key Management Personnel is disclosed in note 30. The term 'Key Management Personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

#### Transactions with Directors and Key Management Personnel

Transactions with Directors and Key Management Personnel are disclosed in note 30.

#### Shares under option, issued or granted to Directors and Key Management Personnel

No options over unissued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report. No shares have been issued as a result of the exercise of an option (2024: None).

#### Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the Directors of the company, the company secretary, all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

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## Directors' report (continued)

### Principal activities

Principal activities of the Group are the provision of general banking services. The Group's registered office and principal place of business is 62 Pitt Street, Sydney, NSW, 2000. Bank of Sydney Limited is a Bank operating as an Authorised Deposit taking Institution (ADI) regulated by APRA in accordance with the Banking Act 1959. The Group is a for-profit entity.

No significant changes in these activities occurred during the year.

### Changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year that are not otherwise disclosed in this report.

### Environmental regulation

The Group is not subjected to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### Regulatory disclosures

Previous disclosures required by Prudential Standard APS 330 Public Disclosure (namely, the Common Disclosure in Attachment A and the Regulatory Capital reconciliation) may be seen on the Group's website at [www.banksyd.com.au/annual-reports-financial-disclosures](http://www.banksyd.com.au/annual-reports-financial-disclosures). From 1 January 2024 Bank of Sydney was exempted from disclosure as a non-significant financial institution per the revised Prudential Standard APS 330 Public Disclosure issued on 27 February 2023.

### Review of operations

The Group's loss was (\$4.8) million for the year ended 31 December 2025 (FY24: \$1.4 million profit). The Group's results are \$6.2 million lower relatively year on year. However, excluding the investment of \$7.8 million in transformational initiatives during the year (FY24: \$0.4 million), the underlying Group Profit before Tax was \$4.3 million (FY24: \$5.3 million), an underlying movement of (\$1.0) million from prior year.

### Subsidiaries

The Group is a 100% beneficiary of the BHB Residential Securities Trust 1. Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Refer to note 29 for more information.

### Dividends

The Directors declared no dividends in respect of the financial year ended 31 December 2025 (2024: Nil). No dividends were paid in 2025 with respect to the financial year ended 31 December 2024. Refer to note 26 for more information.

### Capital adequacy

The capital adequacy ratio at 31 December 2025 was 19.50% (FY24: 20.77%). This remains significantly above the minimum level required to be maintained as determined by the Board's risk appetite and Australian Prudential Regulation Authority (APRA) Prudential Standards. Refer to note 27.5 for more information.

### Company Secretary

Mr. McKenna, the Group's Acting CEO, was acting Company Secretary in addition to his role as Acting CEO, for the period between Mr. Elisher resigning as Company Secretary and Mr. Brian Taylor being appointed.

#### Company Secretary Mr. John Elisher

Appointed 29 August 2019  
Resigned 31 January 2025

#### Company Secretary Mr. Brian Taylor

Appointed 30 June 2025

### Going concern

As at the date of these financial statements, there have been no events that have arisen that, in the opinion of the Directors of the Group, require disclosure or adjustment to these financial statements. The Directors have at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Group has applied the going concern basis of accounting in preparing the financial statements.

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## Directors' report (continued)

### Subsequent events

Subsequent to year-end, interest rates increased, which may impact borrower repayment capacity. No adjustment has been made to the financial statements.

The Bank implemented a new core banking system to replace its legacy platform. The transition was completed in April 2026 and forms part of the Bank's broader digital transformation strategy.

Other than the above, no matter or circumstance has arisen subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### Future developments

The Group will continue with its investment in digital transformational initiatives in the years ahead.

### Proceedings on behalf of the Group

No person has applied for leave of the Court to bring proceedings on behalf of the Group or interfere in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. The Group was not a party to any such proceedings during the year.

### Auditor's independence declaration

The auditor's independence declaration is set out after this report.

### Rounding-off of amounts

The Group is a company of the kind referred to in ASIC Corporations (Rounding in financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument, amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, \$ AUD, unless otherwise indicated.

### Declaration

Signed in accordance with a resolution of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors:



**Nikolas Hatzistergos**  
Chairman  
Sydney, 30 April 2026



**Dunstan de Souza**  
Independent Non-Executive Director  
Sydney, 30 April 2026

30 April 2026

The Board of Directors  
Bank of Sydney Limited  
Level 1, 62 Pitt Street  
Sydney, NSW, 2000

Dear Directors,

Auditor's Independence Declaration to Bank of Sydney Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Bank of Sydney Limited.

As lead audit partner for the audit of the financial report of Bank of Sydney Limited for the financial year ended 31 December 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Tom Bottomley-Mason  
Partner  
Chartered Accountants

## Bank of Sydney Limited and its controlled entities

### Consolidated Statement of Profit and Loss and Other Comprehensive Income For the year ended 31 December 2025

	Notes	Group		Bank	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>					
<b>Income</b>					
Interest income	2	175,497	173,114	173,244	170,516
Interest expense	3	(119,653)	(118,615)	(119,653)	(118,615)
<b>Net interest income</b>		<b>55,844</b>	<b>54,499</b>	<b>53,591</b>	<b>51,901</b>
Fee and commission income	4	3,293	3,372	3,293	3,372
Fee and commission expense	4	(6,709)	(6,340)	(6,709)	(6,340)
<b>Net fee and commission income / (expense)</b>		<b>(3,416)</b>	<b>(2,968)</b>	<b>(3,416)</b>	<b>(2,968)</b>
Other Revenue	5	1,386	1,099	3,639	3,697
<b>Net operating income</b>		<b>53,814</b>	<b>52,630</b>	<b>53,814</b>	<b>52,630</b>
<b>Expenditure</b>					
- Employee benefit expense	6	(27,443)	(26,495)	(27,443)	(26,495)
- Operating expense	7	(23,460)	(14,650)	(23,460)	(14,650)
- Depreciation and amortisation expense	8	(6,384)	(6,647)	(6,384)	(6,647)
<b>Total Expenditure</b>		<b>(57,287)</b>	<b>(47,791)</b>	<b>(57,287)</b>	<b>(47,791)</b>
Impairment of non-financial assets	14	(1,723)	(2,158)	(1,723)	(2,158)
Reversal of / (provision for) impairment losses on financial assets measured at amortised cost	10,12,13	(932)	(621)	(932)	(621)
<b>(Loss) / Profit before income tax</b>		<b>(6,128)</b>	<b>2,059</b>	<b>(6,128)</b>	<b>2,059</b>
Income tax benefit / (expense)	9	1,312	(697)	1,312	(697)
<b>(Loss) / Profit after income tax</b>		<b>(4,816)</b>	<b>1,362</b>	<b>(4,816)</b>	<b>1,362</b>
<b>Other comprehensive income / (loss)</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Movement in cash flow hedge reserve, net of tax	25	7	6	7	6
<b>Total comprehensive (loss) / income for the year from continuing operations</b>		<b>(4,809)</b>	<b>1,368</b>	<b>(4,809)</b>	<b>1,368</b>
<b>Attributable to:</b>					
Equity holders of the Group		(4,809)	1,368	(4,809)	1,368
<b>Total comprehensive (loss) / income for the year</b>		<b>(4,809)</b>	<b>1,368</b>	<b>(4,809)</b>	<b>1,368</b>

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial report set out on pages 44 to 117.

## Bank of Sydney Limited and its controlled entities

### Consolidated Statement of Financial Position As at 31 December 2025

	Notes	Group		Bank	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash and cash equivalents	10	196,225	108,921	133,860	55,245
Investment securities	12	490,722	490,688	490,722	490,688
Net Loans and advances	13	2,901,808	2,790,118	2,901,808	2,790,118
Derivative financial assets	22	62	101	62	101
Intangible assets	14	5,822	9,165	5,822	9,165
Property, plant and equipment	15	45,204	49,894	45,204	49,894
Investment property	17	12,791	10,695	12,791	10,695
Net deferred tax assets	9	5,331	4,102	5,331	4,102
Current tax receivable	9	3,689	3,987	3,689	3,987
Right of use assets	16	571	2,210	571	2,210
Trades receivables	11	704	661	704	661
Other assets	11	7,763	6,179	70,128	59,855
<b>Total assets</b>		<b>3,670,692</b>	<b>3,476,721</b>	<b>3,670,692</b>	<b>3,476,721</b>
<b>Liabilities</b>					
Deposits	19	3,320,449	3,114,933	3,320,449	3,114,933
Derivative financial liabilities	22	-	85	-	85
Provisions	20	4,775	4,045	4,775	4,045
Lease liabilities	21	844	2,619	844	2,619
Trade payables and accrued expense	18	1,347	774	1,347	774
Other liabilities	18	8,357	14,403	8,357	14,403
<b>Total liabilities</b>		<b>3,335,772</b>	<b>3,136,859</b>	<b>3,335,772</b>	<b>3,136,859</b>
<b>Net assets</b>		<b>334,920</b>	<b>339,862</b>	<b>334,920</b>	<b>339,862</b>
<b>Equity</b>					
Contributed equity	23	230,000	230,000	230,000	230,000
Retained earnings	24	101,209	105,581	101,209	105,581
Reserves	25	3,711	4,281	3,711	4,281
<b>Total equity</b>		<b>334,920</b>	<b>339,862</b>	<b>334,920</b>	<b>339,862</b>

The above Consolidated Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial report set out on pages 44 to 117.

## Bank of Sydney Limited and its controlled entities

### Consolidated Statement of Cash Flows For the financial year ended 31 December 2025

	Notes	Group		Bank	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Interest and commission receipts		173,527	170,319	173,527	170,540
Interest payments		(118,492)	(107,488)	(118,492)	(107,488)
Cash payments to employees and suppliers		(52,366)	(45,253)	(52,366)	(45,451)
Bad debts written back		-	-	-	-
Income tax refund / (paid)		2,614	(1,259)	2,614	(1,259)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>5,283</b>	<b>16,318</b>	<b>5,283</b>	<b>16,342</b>
<b>(Increase) / decrease in operating assets</b>					
Loans and advances		(113,069)	(464,592)	(113,069)	(464,592)
Derivative assets		-	1,587	-	1,587
Securitisation		-	-	(8,708)	(14,238)
Other assets		(1,583)	(2,406)	(1,583)	(2,406)
<b>Increase / (decrease) in operating liabilities</b>					
Deposits		199,416	534,629	199,416	534,629
Derivative liabilities		-	-	-	-
Other liabilities		744	(26)	744	(26)
<b>Net cash (used in) / provided by operating activities</b>	<b>33</b>	<b>90,791</b>	<b>85,511</b>	<b>82,083</b>	<b>71,296</b>
<b>Cash flows from investing activities</b>					
Payments for intangible assets		(947)	(1,442)	(947)	(1,442)
Payments for property, plant & equipment		(172)	(1,038)	(172)	(1,038)
Purchase of investments at amortised cost		(171,249)	(125,849)	(171,249)	(125,849)
Redemption from investments at amortised cost		170,265	137,887	170,265	137,887
<b>Net cash (used in) / provided by investing activities</b>		<b>(2,103)</b>	<b>9,558</b>	<b>(2,103)</b>	<b>9,558</b>
<b>Cash flows from financing activities</b>					
Repayments of lease liabilities		(1,384)	(925)	(1,384)	(925)
Repayment of term funding facility		-	(189,349)	-	(189,351)
Repayment of securities sold under repurchase agreements		-	-	-	-
<b>Net cash provided by financing activities</b>		<b>(1,384)</b>	<b>(190,274)</b>	<b>(1,384)</b>	<b>(190,276)</b>
<b>Net increase / (decrease) in cash held</b>		<b>87,304</b>	<b>(95,205)</b>	<b>78,596</b>	<b>(109,422)</b>
Cash at the beginning of the financial year		108,921	204,126	55,264	164,668
<b>Cash at the end of the financial year</b>	<b>33</b>	<b>196,225</b>	<b>108,921</b>	<b>133,860</b>	<b>55,246</b>

The above Consolidated Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial report set out on pages 44 to 117.

## Bank of Sydney Limited and its controlled entities

### Consolidated Statement of Changes in Equity For the financial year ended 31 December 2025

2025						
\$'000						
Group	Notes	Contributed Equity	General reserve for credit losses	Cash flow hedge reserve	Retained earnings	Total Equity
<b>Balance at 1 January 2025</b>		230,000	4,303	(22)	105,581	339,862
Adjustment changes in fair value	25	-	-	(133)	-	(133)
Transfers (from)/to cash flow hedge reserve to retained earnings	24	-	-	-	(7)	(7)
Transfers from/to general reserve to retained earnings	24	-	(444)	-	444	-
<b>Profit and loss</b>		-	-	-	(4,809)	(4,816)
Effective portion of changes in fair value	25	-	-	7	-	7
<b>Total other comprehensive (loss) / income</b>		-	-	-	(4,809)	(4,809)
<b>Total comprehensive (loss) / income for the year</b>		-	-	-	(4,809)	(4,809)
<b>Balance at 31 December 2025</b>		230,000	3,859	(148)	101,209	334,920

2024						
\$'000						
Group	Notes	Contributed Equity	General reserve for credit losses	Cash flow hedge reserve	Retained earnings	Total Equity
<b>Balance at 1 January 2024</b>		230,000	4,114	(436)	104,810	338,488
Adjustment changes in fair value	25	-	-	-	-	-
Transfers (from)/to cash flow hedge reserve to retained earnings	24	-	-	408	(408)	-
Transfers from/to general reserve to retained earnings	24	-	189	-	(189)	-
<b>Profit and loss</b>		-	-	-	1,368	1,368
Effective portion of changes in fair value	25	-	-	6	-	6
<b>Total other comprehensive (loss) / income</b>		-	-	6	1,368	1,374
<b>Total comprehensive (loss) / income for the year</b>		-	-	6	1,368	1,374
<b>Balance at 31 December 2024</b>		230,000	4,303	(22)	105,581	339,862

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial report set out on pages 44 to 117.

## Bank of Sydney Limited and its controlled entities

### Consolidated Statement of Changes in Equity (continued) For the financial year ended 31 December 2025

2025						
\$'000						
Bank	Notes	Contributed Equity	General reserve for credit losses	Cash flow hedge reserve	Retained earnings	Total Equity
<b>Balance at 1 January 2025</b>		230,000	4,303	(22)	105,581	339,862
Adjustment changes in fair value	25	-	-	(133)	-	(133)
Transfers (from)/to cash flow hedge reserve to retained earnings	24	-	-	-	(7)	(7)
Transfers from/to general reserve to retained earnings	24	-	(444)	-	444	-
<b>Profit and loss</b>		-	-	-	(4,809)	(4,816)
Effective portion of changes in fair value	25	-	-	7	-	7
<b>Total other comprehensive (loss) / income</b>		-	-	-	(4,809)	(4,809)
<b>Total comprehensive (loss) / income for the year</b>		-	-	-	(4,809)	(4,809)
<b>Balance at 31 December 2025</b>		230,000	3,859	(148)	101,209	334,920

2024						
\$'000						
Bank	Notes	Contributed Equity	General reserve for credit losses	Cash flow hedge reserve	Retained earnings	Total Equity
<b>Balance at 1 January 2024</b>		230,000	4,114	(436)	104,810	338,488
Adjustment changes in fair value	25	-	-	-	-	-
Transfers (from)/to cash flow hedge reserve to retained earnings	24	-	-	408	(408)	-
Transfers from/to general reserve to retained earnings	24	-	189	-	(189)	-
<b>Profit and loss</b>		-	-	-	1,368	1,368
Effective portion of changes in fair value	25	-	-	6	-	6
<b>Total other comprehensive (loss) / income</b>		-	-	6	1,368	1,374
<b>Total comprehensive (loss) / income for the year</b>		-	-	6	1,368	1,374
<b>Balance at 31 December 2024</b>		230,000	4,303	(22)	105,581	339,862

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial report set out on pages 44 to 117.

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# Notes to and forming part of the financial statements

## For the financial year ended December 2025

### Note 1 | Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Bank of Sydney Limited and its Controlled Entities.

#### Note 1.1 | Corporate information

Bank of Sydney ("the Bank") and its Controlled Entities ("the Group") is a reporting entity. The Group is a for-profit disclosing entity for the purpose of preparing financial statements.

The principal activities of the Group are the provision of general banking services. The Group's registered office and principal place of business is 62 Pitt Street, Sydney, NSW, 2000. Bank of Sydney Limited is a Bank operating as an Authorised Deposit taking Institution (ADI) regulated by APRA in accordance with the Banking Act 1959. The Group is a for-profit entity.

No significant changes in these activities occurred during the year.

#### Note 1.2 | Changes in Comparatives

Certain comparative amounts included in the primary financial statements have been reclassified to conform with the presentation adopted in the current year financial statements which more closely aligns with current industry practice and to provide more relevant financial information.

In particular, the statement of cash flows has been amended to reclassify movements in investments securities and deposits & borrowings into operating activities in line with current industry practice.

#### Note 1.3 | Basis of preparation

##### 1.3.1 Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except where otherwise stated. Certain derivative financial instruments are measured at fair value in accordance with the accounting policies.

##### 1.3.2 Statement of compliance

The financial report is a financial report which has been prepared in accordance with the requirements of Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB"), the Banking Act 1959 and the Corporations Act 2001.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The Group's financial report also complies with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board.

##### 1.3.3 Presentation format

The consolidated statement of financial position has been presented in order of liquidity.

##### 1.3.4 Functional and presentation currency

All amounts are presented in Australian Dollars (AUD), which is the Group's functional and presentation currency.

##### 1.3.5 Rounding-off of amounts

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1 | Material accounting policies (continued)

#### 1.3.6 Going concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements. As a result, the financial reporting has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

#### 1.3.7 Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its controlled entities. Control is achieved where the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and can affect those returns through its power of the subsidiary.

#### 1.3.8 Subsidiaries

The key subsidiary of the Bank is BHB Residential Securities Trust 1 which is 100% wholly owned.

#### 1.3.9 Transactions eliminated on consolidation

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

#### 1.3.10 Securitisation

Securitisation is the process of taking an illiquid asset, or group of assets, such as home loans, and transforming them into a liquid security.

The Group maintains a securitisation trust, the BHB Residential Securities Trust 1, that issues notes that meet the Reserve Bank of Australia's criteria for borrowing funds via Repurchase Agreements for emergency liquidity requirements.

The Group 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 Bank of Sydney Ltd has not transferred substantially all of the risks and rewards to the Trust, the assigned loans are not derecognised in the consolidated financial statements of the Group.

For 31 December 2025 the Group did not participate in securitisation other than internal securitisation.

Value of loans which do not qualify for derecognition at 31 December 2025 was \$726.5 million (2024: \$804.4 million).

The value of restricted cash in the Trust as at 31 December 2025 was \$62.4 million (2024: \$53.7 million).

Details of each of the securitisations entered into by the Group are summarised in note 29.

# Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

## Note 1.4 | Adoption of new and revised Australian Accounting Standards

### 1.4.1 New standards and amendment

The Group has adopted all the new and revised Standards (and Interpretations) issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2025.

The revised Standard effective for the current year that is relevant to the Group is:

Standard/amendment	Nature of the change and expected impact
AASB 101 Classification of liabilities as current or non-current, including non-current liabilities with covenants (AASB 2020-1, AASB 2020-6 and AASB 2022-6)	The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.
Pillar Two Global Minimum Tax (Pillar Two) - The Group has applied the mandatory exemption to recognising and disclosing information about deferred tax assets Pillar Two Global Minimum Tax (Pillar Two) in Australia and liabilities related to Pillar Two.	<p>The Group is expected to be within the scope of the Organisation for Economic Co-operation and Development's (OECD) Pillar Two rules for income tax years from 1 January 2024. This is based on applying particular foreign exchange rates to determine whether the turnover threshold requirements for Pillar Two have been met.</p> <p>Given fluctuations in foreign exchange rates, the Group is in progress of further assessing its position under these rules and has reached out to the Australian Tax Office for further clarification as to whether the threshold requirements have been met.</p>

### 1.4.2 Accounting standards issued but not yet effective

The following standards and interpretations have been issued but are not mandatory for annual reporting periods ending on 31 December 2025. The standards and interpretations set out below and have not been early adopted by the Group.

Standard/ amendment	Effective for annual reporting periods beginning on or after	Nature of the change and expected impact
<p><b>AASB 18 Presentation and Disclosure in Financial Statements</b></p> <p>AASB 18 was issued in April 2024 and replaces AASB 101 Presentation of Financial Statements.</p> <p>The new standard introduces new requirements for the Statement of Profit or Loss, including new categories for the classification of income and expenses into operating, investing, and financing categories, and presentation of subtotals for "operating profit" and "profit before financing and income taxes".</p>	<p>1 January 2027</p> <p>(effective for 31 December 2028)</p>	<p>This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements.</p> <p>The standard will be applicable to the Group for financial year ending 31 December 2028.</p>

### 1.4.3 Other changes

The International Sustainability Standards Board (ISSB) published the following sustainability reporting standards in the prior year:

Standard	Effective for annual reporting periods beginning on or after	Nature of the change and expected impact
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	<p>1 July 2027</p> <p>(effective for 31 December 2028)</p>	<p>The Group has considered the management of climate change risks with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, including aspects of governance, strategy, risk management, metrics, and disclosures.</p> <p>The Directors do not anticipate that the pronouncement and other changes will have a material impact on the Group but may change the disclosure of policies included in the financial statements, once effective.</p>

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.5 | Critical accounting judgements and estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. Management is also required to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

The following are the critical judgements that management have made in the process of applying the company's accounting policies and that have the most significant effect in the amounts recognised in the financial statements:

- Expected credit loss (ECL) provision on loans and advances; and
- Intangible assets, including the recognition and impairment thereof.

#### 1.5.1 Expected credit losses on loans and advances

The methodology utilised in determining the Group's ECL provisions has remained consistent with prior period, however there are a number of judgements and estimates made by management in relation to the underlying assumptions that are continuously reviewed and revised on a periodic basis which include, but are not limited to:

- Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD);
- Forward-looking macroeconomic conditions; and
- Macroeconomic scenario weightings and management overlays.

The Group's accounting policy for ECL on loans and advances is disclosed in note 13.

Further details on the methodology and assumptions are provided in note 1.13.

#### 1.5.2 Intangible assets

Intangible assets can only be capitalised once it meets all the criteria of the Accounting Standards. Hereby, judgement is applied in respect to research and development costs. If the criteria is not met all costs are expensed by the Group.

In addition, the Group completes an annual assessment for indicators of impairment of intangible assets, except where a period-end impairment assessment is performed for the following items:

- Internally generated software that is classified as work-in-progress; and
- Internally generated software in use, where indicators of impairment are present.

The Group's accounting policy for intangible assets is disclosed in note 1.14.

Where an estimate of recoverable amount is required, management applied several judgements and assumptions which, if applicable, are disclosed in further detail in note 1.18.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.6 | Revenue recognition

The Group's revenue from interest income is sourced from:

- Cash and cash equivalents;
- Investment securities;
- Loans and advances; and
- Derivative assets.

The interest income is recognised using the effective interest rate (EIR) method.

Besides interest income the Group has revenues from fee and commissions, net foreign exchange gain/losses and rental income.

#### 1.6.1 (Effective) Interest income and expense

Effective interest income and expense are recognised as they accrue using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash flows over the expected life of the financial instrument to its gross carrying amount. The EIR calculation includes all fees paid or received that are an integral part of the EIR. For financial assets classified within Stages 1 & 2 of the ECL model, interest income is calculated by applying the EIR to the gross carrying amount of the assets. Interest income on financial assets in Stage 3 is calculated by applying the EIR to the net amortised cost carrying amount (i.e. gross carrying amount net of provisions for impairment).

#### 1.6.2 Fee and commission income and expense

Fees and commissions that are not considered an integral part of the EIR of financial instrument are typically recognised upon execution of a contract with a customer, at the point where the related performance obligation has been satisfied. Fee income primarily comprises of account transaction and monthly fees, processing fees, loan package fees and overdraft fees.

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

#### 1.6.3 Other revenue

Other revenue includes net foreign exchange gain/losses and rental income from the investment property:

- **Rental income:** Rent and other non-interest income are recognised as income when services are rendered.
- **Net foreign exchange gain/loss:** Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the consolidated statement of profit and loss in the period in which the exchange rates change. Net foreign exchange gain/loss includes realised gains or losses on sales or purchases of foreign currency as well as unrealised gain or losses from revaluation of the Group's net foreign currency exposure.

### Note 1.7 | Interest expenses

The Group's interest expenses are associated to customer deposits and lease liabilities:

- **Interest expense on deposits:** Interest payable on the deposits is calculated on the daily balance outstanding and is credited in arrears. Interest expense is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the EIR method.
- **Interest on lease liability:** Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they relate.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.8 | Employment benefit expenses

The Group's employment benefit expenses consist of:

- **Wages, salaries, annual leave and sick leave:** Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. These are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related oncosts, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits are expensed based on the net marginal cost to the Group as the benefits are taken by the employees. Provision for employee benefits to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the reporting date, calculated at discounted amounts based on expected wage and salary rates including related on costs.
- **Superannuation plan:** The Group contributes on behalf of its employees to superannuation funds under normal conditions of employment, and in satisfaction of the requirements of the Superannuation Guarantee Scheme. Contributions are expensed as they are incurred.
- **Annual and long service leave provisions:** A provision is recognised in the consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.

### Note 1.9 | Operating expenses

Operating expenses are recognised in the period in which the related goods or services are received, and the costs can be reliably measured. Any amounts received as a reimbursement for costs incurred are offset against the relevant expense in the same period.

### Note 1.10 | Taxes

#### 1.10.1 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

#### 1.10.2 Current taxes

Current tax is the expected tax payable (or receivable) on the taxable income (or loss) for the year, using tax rates enacted or substantively enacted at the reporting date.

#### 1.10.3 Deferred taxes

Deferred tax is recognised using the consolidated Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

#### 1.10.4 Offsetting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets (e.g. same tax authority), and they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.10 | Taxes (continued)

#### 1.10.5 Impairment of deferred taxes

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date for impairment and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 1.10.6 Tax consolidation

The Group have implemented a tax-consolidated group. Each entity in the tax-consolidated group recognises tax expense, deferred tax assets and deferred tax liabilities relating to its own transactions, events and balances only. This means that:

- The parent entity only recognises all current and deferred tax amounts relating to its own transactions, events and balances
- The controlled entities recognise current or deferred tax amounts arising in respect of their own transactions, events and balances
- Current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the controlled entity to the head entity as inter-company payables or receivables.

The tax group also has a tax sharing agreement in place to limit the liabilities of the controlled entities in the tax-group arising under the joint and several liability requirements of the tax consolidation system, in the event of default of the parent entity to meet its payment obligations.

#### 1.10.7 Goods and services tax (GST)

Revenue, expenses, and assets are recognised net of the amount of GST except where the GST incurred on the purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of the amount of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated Statement of Financial Position. Cash flows are included on a gross basis in the statement of cash flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### 1.10.8 Reduced input tax credit (RITC)

As a financial institution, the Group is input taxed on all income except for income from commissions and some fee income. An input taxed supply is not subject to goods and services tax (hereafter, GST) collection and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis.

In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

### Note 1.11 | Financial assets

#### 1.11.1 Initial recognition and measurement

Financial assets and liabilities are initially recognised on the date on which the Group becomes a party to the contractual provisions of the instrument, or, in the case of loans and advances, when funds are transferred to the customer's account.

At initial recognition, the Group measures a financial instrument at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument, such as fees and commissions.

Transaction costs of financial instruments carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

Subsequent to initial recognition, the measurement of the Group's financial assets is dependent on the business model in which it is managed and the contractual cash flow characteristics. Financial assets are measured as follows:

- At fair value (either through other comprehensive income ("FVTOCI") or through profit or loss (FVTPL), or;
- At amortised cost.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.11 | Financial assets (continued)

#### 1.11.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. While judgement is used in determining the business model, consideration is given to relevant, objective evidence including:

- The business purpose of the portfolio;
- The risks that affect the performance and the way those risks are managed;
- The basis on which the performance of the portfolio is evaluated; and
- The frequency and significance of sales activity.

#### 1.11.3 The solely payments of principal and interest (SPPI) test

The Group assesses financial assets to evaluate if their contractual cashflows are comprised of solely payments of principal and interest (the SPPI test). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' for the purpose of this test is defined as the consideration for the time value of money and credit risk, which are the most significant elements of interest within a lending arrangement.

Principal amounts include repayments of lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding.

#### 1.11.4 Recognition and measurement of financial assets at amortised costs

A financial asset is measured at amortised cost only if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in the accounting policy. Interest income from these financial assets is included in interest income using the EIR method.

Financial assets recognised and measured at amortised cost include:

- **Cash and cash equivalents:** Cash and cash equivalents include cash on hand at branches; unrestricted balances held with other financial institutions and highly liquid financial assets with original maturities of three months or less and are subject to an insignificant risk of changes in their fair value. These assets are generally used by the Group in managing its short-term commitments. Restricted cash is cash held in the trust as collateral for the loans. Cash and cash equivalents are carried at amortised cost in the consolidated Statement of Financial Position. Cash at bank earns interest at variable rates based on daily bank and short-term deposit rates. Interest income is recognised in the consolidated Statement of Profit or Loss using the effective interest method.
- **Trade receivables:** The trade receivables are initially measured at fair value and subsequently measured at amortised cost using the EIR method, less any allowance for expected credit losses. This is assumed to approximate their fair value due to their short-term nature. The Group holds these assets to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding.
- **Investments securities:** Subsequent to initial recognition, investment securities are carried at amortised cost using the effective interest method, as these are held to collect the contractual cash flows solely from payments of principal and interest. The investment securities are assessed for impairment under the ECL impairment model.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.11 | Financial assets (continued)

- **Loans and advances:** Loans and other receivables are debt instruments recognised initially at fair value, which represent the cash advanced to the customer plus direct and incremental transaction costs on settlement date, when funding is advanced to the customer. Transaction costs which are direct and incremental to the establishment of the loan are initially deferred as part of the loan balance and are amortised over the estimated expected life of the loan. The unearned income on the Group's lending portfolio is brought to account over the life of the contracts. Loans are subsequently carried at amortised cost, which represents the gross carrying amount less allowances for credit losses. Impairment losses are recognised in accordance with the three-stage ECL impairment model. Interest on loans and advances is recognised using the effective interest method. The estimated future cash flows used in the calculation of the EIR include those determined by the contractual term of the asset, and includes all fees, transaction costs and all other premiums or discounts.

#### 1.11.5 Recognition and measurement of assets at fair value through other comprehensive income

A financial asset will be measured at FVTOCI if:

- The Group's intent is to hold the asset to collect contractual cash flows and/or to sell the asset; and
- The cash flows solely represent principal and interest.

These assets are initially recognised at fair value including directly attributable transaction costs. Subsequent measurement is at fair value with any revaluation gains or losses being included in other comprehensive income. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the consolidated Statement of Profit or Loss and Other Comprehensive Income.

The following financial assets are classified at FVTOCI:

- **Derivative assets and liabilities:** The Group has designated derivatives held as effective cash flow hedges with changes in the fair value recognised in the cash flow hedge reserve within equity. Amounts accumulated in the cash flow hedge reserve are transferred to the Consolidated Statement of Profit or Loss in the event the instrument expires, is sold or otherwise when hedging criteria are no longer met. The portion of the hedge that is deemed ineffective is recognised in the statement of profit or loss as the ineffectiveness arises.

### Note 1.12 | Derivative assets, derivative liabilities and cash flow hedge reserve

Derivative financial instruments are contracts whose value is derived from an underlying price, index or other variable. These include instruments such as interest rate and foreign exchange swaps. All derivatives are initially recognised on the balance sheet at air value and are subsequently measured at FVTPL, unless designed as a part of an effective hedge relationship and classified as hedging derivatives.

Derivatives are presented as assets when their fair value is positive and as liabilities when their fair value is negative after accounting for collateral received or paid in respect of the open position.

At inception of all hedge relationships, the Group documents the relationship between the hedging instrument and hedged item, the risk being hedged, the Group's risk management objective and strategy and the method for assessing hedge effectiveness throughout the life of the hedge.

The Group designated certain derivatives as effective cash flow hedges, with changes in the fair value recognised in the cash flow hedge reserve within equity. Amounts accumulated in the cash flow hedge reserve are transferred to the profit and loss when the instrument expires, is sold or when the hedge no longer meets the criteria for hedge accounting or the forecast transaction occurs. Any portion of the hedge deemed ineffective is recognised immediately in profit or loss.

### Note 1.13 | Expected credit losses on financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk (SICR). The Group uses ECL impairment model to determine its collective provision. The ECL model is forward looking and does not require evidence of an actual loss event for impairment provisions to be recognised.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.13 | Expected credit losses on financial assets (continued)

#### 1.13.1 Measurement and recognition of ECL

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

**The ECL is calculated as:**  $ECL = EAD * PD * LGD$

Details of these statistical parameters/inputs are as follows:

Input	Details of the statistical parameter
<b>Default</b>	<p><b>Definition</b> Exposures overdue by 90 days or more are classified as credit-impaired, aligning with the rebuttable criteria outlined in AASB 9. Additionally, a default is identified if a borrower applies for restructuring or if the customer's rating downgrades to 9 or 10.</p>
<b>Probability of Default ('PD')</b>	<p><b>Definition</b> PD represents the probability that a counterparty defaults. PD is determined using a roll rate model approach to estimate the % of exposures expected to roll to a loss/default state. The roll rates are calculated using internal historical past due data.</p> <p><b>Loans and advances</b> The Group calculates independent PD rates for the following categories of loans and advances to customers:</p> <ul style="list-style-type: none"> <li>• Home Loans;</li> <li>• Commercial property; and</li> <li>• Commercial non-property.</li> </ul> <p><b>Treasury assets and trade exposures</b> The Group determines PD rates for treasury assets and trade exposures using historical external data in the absence of meaningful internal default loss history.</p>
<b>Loss Given Default (LGD)</b>	<p><b>Definition</b> LGD is an estimate of the loss arising on default. The Group applies different LGD rates depending on the financial asset as well as the product.</p> <p><b>Loans and advances</b> For customer loans and advances, the Group has used the Loan-to-Value Ratio ('LVR') as an indicator for potential loss in the event of default.</p> <p><b>Treasury assets and trade exposures</b> The Group determines LGD rates for treasury assets and trade exposures using historical external data in the absence of meaningful internal default loss history.</p>
<b>Exposure At Default ('EAD')</b>	<p><b>Definition</b> Represents the expected exposure at default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation.</p> <p><b>Loans and advances</b> 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.</p> <p><b>Treasury assets and trade exposures</b> The EAD of a financial asset is its gross carrying amount.</p>

#### 1.13.2 The 3-stage approach model

In accordance with AASB 9 Financial Instruments, the Group calculates a credit loss provision which reflects the ECL based on a 3-stage approach. The stage which the financial asset is in determines whether the ECL is calculated using a 12 month or Lifetime ECL:

- 12-month ECL represents the portion of the Lifetime ECL that is expected to result from default events on a financial instrument that are likely within 12 months after the reporting date; and
- A lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.13 | Expected credit losses on financial assets (continued)

#### 1.13.3 The 3-stage approach on customer loans and advances and treasury assets

The following table outlines how the Group measures ECL based on the 3-stage approach.

	Customer loans and advances	Treasury assets and trade exposures with Bank counterparties
Stage 1	12 Month ECL	12 Month ECL
Stage 2	Lifetime ECL	Lifetime ECL
Stage 3	Lifetime ECL	N/A

#### 1.13.4 Quantitative and qualitative criteria

Financial assets migrate between the 3 stages based on whether there has been a Significant Increase in Credit Risk ("SICR") since initial recognition. In making this assessment the Group considers the following reasonable and supportable quantitative and qualitative criteria, including days past due, internal customer rating, hardship exposures, and restructured facility.

#### 1.13.5 Transfer between stages

Transfers from stage 1 to 2 occur when there has been a SICR and from Stage 2 to 3 when credit impairment is indicated as described above. For assets in Stage 2 or 3, loans can transfer back to Stage 1 or 2 once the criteria for a significant increase in credit risk or impairment is no longer met.

#### 1.13.6 Interest income between stages

The interest income is recognised on gross carrying amounts for financial assets in Stage 1 and Stage 2, and gross carrying value net of provisions for financial assets in Stage 3.

#### 1.13.7 Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in the Consolidated Statement of Profit or Loss.

#### 1.13.8 The Stage 1 Approach

Where there has not been a SICR since initial recognition of a financial asset, an amount equal to 12 months ECL is recorded. The ECL is computed using a probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used. This reflects all balances plus 1 to 29 days past due.

The table below outlines the criteria under which customer loans and advances are in stage 1.

Stage 1	Number of Days Past Due	Customer Rating*
Retail Product	=>1 days <30 days	=>6 =<8
Business Loans	=>1 days <30 days	=>6 =<8
Commercial Property	=>1 days <30 days	=>6 =<8
Commercial Construction	=>1 days <30 days	=>6 =<8

\* The Group uses an internal customer rating process which grades customers from 1-10.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.13 | Expected credit losses on financial assets (continued)

#### 1.13.9 The Stage 2 Approach

When a financial asset experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial asset. This reflects all balances plus 30 to less than 89 days past due.

The table below outlines the criteria under which customer loans and advances migrate to stage 2.

Stage 2	Number of Days Past Due	Customer Rating*	Hardship Flag
Retail Product	=>30 days <90 days	=>6 =<8	✓
Business Loans	=>30 days <90 days	=>6 =<8	✓
Commercial Property	=>30 days <90 days	=>6 =<8	✓
Commercial Construction	=>30 days <90 days	=>6 =<8	✓

\* The Group uses an internal customer rating process which grades customers from 1-10.

#### 1.13.10 The Stage 3 Approach

Financial assets that are in default, including loans with hardship arrangements, are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime ECL. This reflects all balances of 90 or more days past due.

The table below outlines the criteria under which customer loans and advances migrate to stage 3.

Stage 3	Number of Days Past Due	Customer Rating*	Restructure Flag
Retail Product	=>90 days	=>9	✓
Business Loans	=>90 days	=>9	✓
Commercial Property	=>90 days	=>9	✓
Commercial Construction	=>90 days	=>9	✓

\* The Group uses an internal customer rating process which grades customers from 1-10.

#### 1.13.11 Derecognition

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred.

#### 1.13.12 Assessment of significant increase in credit risk (SICR)

The Group assesses whether there has been a SICR for exposures since initial recognition by comparing the PD and the PD at the date of initial recognition. The assessment also considers borrower-specific quantitative and qualitative information including arrears status and hardship arrangements.

Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a SICR. Qualitative factors may be assessed to supplement the gap. Examples of situations include changes in adjudication criteria for a particular group of customers; changes in portfolio composition; and natural disasters impacting certain portfolios.

With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

The Group uses an internal rating system for its exposures. All exposures have a rating assigned that reflects the probability of default of the member. SICR is evaluated based on the movement in the ratings of customers. For example, a downgrade in the internal rating since origination will trigger a transfer to Stage 2. The thresholds used for PD migration are reviewed and assessed at least annually unless there is a significant change in credit risk management practices in which case the review is brought forward.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.13 | Expected credit losses on financial assets (continued)

#### 1.13.13 Forward-looking information

The approach to determining the ECL includes forward-looking information which is primarily incorporating the general macro-economic conditions and its potential impact on our customers and through the PD and LGD rates applied in our models. Details of these statistical parameters are as follows:

Input	Details of the statistical parameter
<b>Multiple forward-looking scenarios</b>	<p>ECLs are calculated by reference to information on past events, current conditions, and forecasts of future economic conditions. Multiple economic scenarios are incorporated into ECL calculation models.</p> <p>These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. To capture any non-linear relationship between economic assumptions and credit losses, three scenarios are used.</p> <p>This includes a base scenario which reflects the Group's view of the most likely future economic conditions, together with an upside and a downside scenario representing alternative plausible views of economic conditions, weighted based on management's view of their probability.</p>
<b>Forward-looking Macro-economic factors</b>	<p>In its models, the Group relies on a broad range of forward-looking economic information as inputs, such as; Economic data published by the Australian Bureau of Statistics, including Gross Domestic Product (GDP) growth, unemployment rates, Consumer Price Index (CPI). Forecasts published by the Reserve Bank of Australia, including interest (cash) rate and other external sources such as the National Australia Bank Residential Property Survey and Cotality for housing prices and outlooks.</p>
<b>Management overlays</b>	<p>Due to the significant uncertainty in the forward-looking economic environment at the time, in 2022 the Group incorporated a management overlay in its model to reflect the potential losses not fully captured within the model methodology.</p> <p>The overlays were based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement to account for heightened risk in relation to rising interest rates. Overlays were subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments, which included loans with:</p> <ul style="list-style-type: none"> <li>• Interest rate buffer deficit; and</li> <li>• Serviceability constrains based on debt-to-income ratio and adjusted cash flow ratios.</li> </ul>

### Note 1.14 | Intangible assets

#### 1.14.1 Recognition and measurement

Intangible assets are identifiable non-physical, non-monetary assets. An intangible can be capitalised if, and only if the following criteria are met. If a condition is not met, the intangible will be expensed.

Asset identification:

- Identifiability (separate and can be sold and arises from contracts)
- Control (owned by the entity)
- Future economic benefits (increase revenue, cost saving, etc)

Recognition, only if:

- Probable (>50%) that expected future benefits will flow to entity; and
- Cost can be measured reliably.

For internally generated software, the Group capitalises development costs when it can demonstrate:

- The split to research and development. If the entity cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the entity treats the expenditure on that project as if it were incurred in the research phase only;
- Intention to complete the development for use; and
- Ability to use the assets to generate future economic benefits.

Only when all these criteria are met, the costs incurred during the development phase are recognised as an intangible asset and amortised over the asset's useful life. Research costs are expensed as incurred, whereas development costs are capitalised as an intangible asset where

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.14 | Intangible assets (continued)

control has been established. All other development costs that cannot be reliably measured or where control cannot be established are expenses as incurred.

#### 1.14.2 Software-as-a-Service

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over a contract period. As such, the Group does not receive a software intangible asset at the contract commencement date.

The accounting treatment of costs incurred in relation to SaaS arrangements are set out below:

- Fee for use of application software and customisation costs are recognised as an operating expense over the term of the service contract, via a prepayment; and
- Configuration costs, data conversion and migration costs, testing costs, training costs and customisation costs are recognised as an operating expense as the service is received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset, are recognised as intangible software assets.

#### 1.14.3 Useful lives

All intangible assets have limited useful lives and are amortised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income using the straight-line method over their estimated useful lives. The estimated useful lives are between 3 and 5 years.

#### 1.14.4 Amortisation rates

Internally generated software costs are not amortised during the development phase. Once software is ready for use management determines a suitable amortisation period, currently ranging between 3 to 5 years, applied on a straight-line basis. The amortisation periods are reviewed at least at the end of each annual reporting period. If expectations differ from previous estimates, the change(s) are accounted for prospectively in current and future periods only.

Class of asset	2025	2024	Amortisation basis
Internal generated intangible assets	20% - 33.3%	20% - 33.3%	Straight line
Software as a service	-	-	Contracted service period

### Note 1.15 | Property and Equipment

#### 1.15.1 Recognition and measurement

Property, equipment, and leasehold improvements are stated at cost less accumulated depreciation, and impairment losses. Costs include expenditure that is directly attributable to the acquisition or construction of the item. Land is shown at cost.

#### 1.15.2 Useful lives

All assets have limited useful lives and are depreciated through the Consolidated Statement of Profit or Loss and Other Comprehensive Income using the straight-line method over their estimated useful lives. The estimated useful lives are between 3 and 40 years.

#### 1.15.3 Depreciation rates

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation rates and methods are reviewed annually to ensure they appropriately reflect residual values and estimated useful lives. When changes are made, adjustments are reflected prospectively in current and future years only. The depreciation rates used for each class of asset are as follows:

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.15 | Property and Equipment (continued)

Class of asset	2025	2024	Amortisation basis
Land	-	-	-
Buildings	2.5%	2.5%	Straight line
Leasehold improvements	10% - 33%	10% - 33%	Straight line
Equipment	10% - 33%	10% - 33%	Straight line

### Note 1.16 | Investment Property

#### 1.16.1 Recognition and measurement

Investment property is stated at cost less accumulated depreciation and impairment losses. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss.

#### 1.16.2 Useful lives

Investment property is depreciated from its date of acquisition through the statement of profit and loss using the straight-line method over its estimated useful life. The estimated useful lives are 40 years.

#### 1.16.3 Depreciation rates

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation rates and methods are reviewed annually to ensure they appropriately reflect residual values and estimated useful lives. When changes are made, adjustments are reflected prospectively in current and future years only. The depreciation rates used for investment property is as follows:

Class of asset	2025	2024	Depreciation basis
Investment property	2.5%	2.5%	Straight line

#### 1.16.4 Transfers

In 2019 the Bank acquired its current headquarters in Pitt St, Sydney. Throughout the ownership of the building, Bank of Sydney has changed on occasions based on needs from the business. Whenever a floor changes between investment property and Owner occupied, this will result in a transfer between classes. For further details refer to note 15(C) and note 17(B).

### Note 1.17 | Right of use assets and lease liabilities

#### 1.17.1 Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, and any initial direct costs incurred.

Lease liabilities are initially recognised at present value of the future lease payments (i.e. the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. Subsequent to initial recognition, lease liabilities are measured at the present value if the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date).

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.17 | Right of use assets and lease liabilities (continued)

#### 1.17.2 Interest expense on leases

Interest expense on lease liabilities is recognised in consolidated statement of profit or loss (presented as a component of interest expense). Lease liabilities are remeasured to reflect changes to lease terms changes to lease payments and any lease modifications not accounted for as separate leases. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

#### 1.17.3 Lease term and conditions

The Group determines the lease term as the non-cancellable period of a lease together with both the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### 1.17.4 Short term leases and low value assets

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 1.17.5 Useful lives

The expected useful life of right-of-use assets are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually. The estimated useful lives are between 3 and 5 years.

#### 1.17.6 Depreciation

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities. Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Class of asset	2025	2024	Depreciation basis
Right-of-use-asset property	12.5% to 33%	12.5% to 33%	Straight line

### Note 1.18 | Impairment of assets

Per AASB 136 Impairment of Assets, tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (impairment indicators). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs.

Assets that do not have independent cash flows are grouped together to form a cash-generating unit. The cash generating unit is defined as Bank of Sydney, as cash inflows from this cash generating unit are dependent on the Group's total assets to generate these cash inflows for its banking business.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 1.19 | Gains or losses arising on the disposal of assets

Any gains or losses are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income within operating expenses as gain or losses arising on the disposals.

### Note 1.20 | Financial liabilities

The Group classifies all its non-derivative financial liabilities as measured at amortised costs; these include deposits and trade and other payables. These financial liabilities are initially recognised at fair value net of any directly attributable transaction costs. After initial recognition these liabilities are measured at amortised cost. The difference between the net proceeds and the redemption amount is recognised in profit or loss over the life of the liability using the EIR method. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities recognised and measured at amortised costs include:

- **Deposits:** Deposits comprise of term deposits, saving deposits, and other demand deposits. Deposits are recognised at inception at fair value plus directly attributable transaction costs and subsequently at amortised cost. Interest and yield related fees are recognised in the profit or loss based upon the EIR method. Interest payable on deposits are calculated on the daily balance outstanding and is credited in arrears.
- **Trade and other payables:** Trade creditors and accruals represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

### Note 1.21 | Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.

The Group has the following provisions:

- **Annual and long service leave provisions:** A provision is recognised in the consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.
- **Make good provision:** The provision for make good costs represents the present value of the estimated future cash outflows to be made by the Group arising from its obligations as a lessee should the relevant lease not be renewed. The provision is calculated using estimated costs required to return leased premises to the condition in which they were initially provided, by using the Group's cost of capital as at reporting date. The expected timing of the outflows is dependent upon whether the relevant lease is renewed.

### Note 1.22 | Retained earnings

The retained earnings the balance of accumulated profit or losses, attributable to equity holders of the Group, at the beginning of the financial reporting period and at the reporting date, and the changes during the period.

### Note 1.23 | Reserves

The Group has the following two reserves at year-end:

- **Equity reserve for credit losses:** The Equity Reserve for Credit Losses represents an appropriation of retain earnings to cover potential future credit losses that may arise but are not yet recognised as specific provisions. The reserve is maintained in accordance with the Group's internal risk management policies and regulatory expectations, ensuring prudent capital management.
- **Cash flow hedge reserve:** The cash flow hedge reserve represents the effective portion of gains or losses on hedging instruments that are designated and qualify as cash flow hedges. To the extent that a hedge is ineffective, the related gain or loss is recognised immediately in profit or loss. It is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognises directly in other comprehensive income.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 2 | Interest income

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Cash and cash equivalents</b>	<b>5,142</b>	<b>7,125</b>	<b>2,888</b>	<b>4,527</b>
Reserve Bank of Australia	2,371	3,799	2,371	3,799
Other Banks	2,771	3,326	517	728
<b>Investment securities</b>	<b>22,846</b>	<b>24,094</b>	<b>22,846</b>	<b>24,094</b>
Commercial Deposits	3,705	4,317	3,705	4,317
Floating Rate Notes	19,002	19,569	19,002	19,569
Fixed Bonds	139	208	139	208
<b>Loans and advances</b>	<b>147,262</b>	<b>141,561</b>	<b>104,617</b>	<b>89,010</b>
Home Loans	121,360	114,225	78,715	61,674
Commercial Loans	24,587	25,716	24,587	25,716
Overdrafts	788	1,037	788	1,037
Personal Loans	1	1	1	1
Trade Finance	526	582	526	582
<b>Derivatives</b>	<b>247</b>	<b>334</b>	<b>247</b>	<b>334</b>
<b>Securitisation income</b>	<b>-</b>	<b>-</b>	<b>42,646</b>	<b>52,551</b>
<b>Total interest income</b>	<b>175,497</b>	<b>173,114</b>	<b>173,244</b>	<b>170,516</b>

#### Securitisation income

Interest income includes income earned from the Bank's internal Residential Mortgage-Backed Securities securitisation (RMBS) securitisation program. This comprises interest income on residential mortgage loans transferred to the securitisation trust and interest earned. All income arising from the securitisation program is recognised as interest income as the Bank retains full economic exposure to the securitised assets.

### Note 3 | Interest expense

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Deposits</b>	<b>119,223</b>	<b>118,118</b>	<b>119,223</b>	<b>118,118</b>
Current and savings	8,176	7,161	8,176	7,161
Term Deposits	111,047	110,958	111,047	110,958
Derivatives	247	298	247	298
Due to other financial institutions	120	119	120	119
Lease liabilities	63	79	63	79
<b>Total interest expense</b>	<b>119,653</b>	<b>118,615</b>	<b>119,653</b>	<b>118,615</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 4 | Fee and commissions income / (expense)

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Fee and commission income	3,293	3,372	3,293	3,372
Fee and commission expense	(6,709)	(6,340)	(6,709)	(6,340)
<b>Total Net fee and commission income / (expense)</b>	<b>(3,416)</b>	<b>(2,968)</b>	<b>(3,416)</b>	<b>(2,968)</b>

### Note 5 | Other revenue

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Net foreign exchange gain / (loss)	1,256	949	1,256	949
Securitisation fee income	-	-	2,253	2,598
Rental income	130	150	130	150
<b>Total other revenue</b>	<b>1,386</b>	<b>1,099</b>	<b>3,639</b>	<b>3,697</b>

#### Securitisation fee income

Cash balances held within the securitisation trust generated interest income during the year. These balances arise from scheduled loan repayments and prepayments and are managed in accordance with the trust deed. Interest earned on these balances is recognised as interest fee income of the Bank.

### Note 6 | Employment expenses

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Salary and salary related expenses	21,616	20,633	21,616	20,633
Payroll tax & superannuation	3,613	3,563	3,613	3,563
Other employee benefits	2,214	2,299	2,214	2,299
<b>Total Employment expenses</b>	<b>27,443</b>	<b>26,495</b>	<b>27,443</b>	<b>26,495</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 7 | Operating expenses

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Technology expenses	8,955	8,638	8,955	8,638
Transformation expenses	7,765	430	7,765	430
Occupancy expenses	1,031	985	1,031	985
Marketing expenses	1,737	1,484	1,737	1,484
Office expenses	1,277	898	1,277	898
Professional fees	1,507	1,451	1,507	1,451
Other expenses	1,188	764	1,188	764
<b>Total other operating expenses</b>	<b>23,460</b>	<b>14,650</b>	<b>23,460</b>	<b>14,650</b>

#### Transformation expenses

During the year, the Bank incurred transformation expenses of approximately \$7.8 million as part of a strategic investment to upgrade its core banking system and enhance its digital capabilities. This transformation program is a key pillar of the Bank's strategy to improve customer experience, strengthen service delivery, and expand product and service offerings. The investment is expected to support greater scalability, improved operational efficiency, enhanced system resilience, and a more seamless digital banking experience for customers as the Bank continues to execute its growth strategy.

### Note 8 | Depreciation and amortisation

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Depreciation of property and equipment	2,398	1,992	2,398	1,992
Depreciation of investment property	367	346	367	346
Depreciation of right-of-use assets	1,052	1,072	1,052	1,072
Amortisation of intangible assets	2,567	3,237	2,567	3,237
<b>Total depreciation and amortisation</b>	<b>6,384</b>	<b>6,647</b>	<b>6,384</b>	<b>6,647</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 9 | Taxes

#### (A) Income tax expense

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Current tax expenses</b>				
Current year	-	316	-	316
Adjustments for prior period	1,380	32	1,380	32
<b>Total current tax expense</b>	<b>1,380</b>	<b>348</b>	<b>1,380</b>	<b>348</b>
<b>Deferred tax expense</b>				
Current year	(29)	317	(29)	317
Adjustment for prior period	(2,663)	32	(2,663)	32
<b>Total deferred tax expense / (refund)</b>	<b>(2,692)</b>	<b>349</b>	<b>(2,692)</b>	<b>349</b>
<b>Total income tax expense / (refund)</b>	<b>(1,312)</b>	<b>697</b>	<b>(1,312)</b>	<b>697</b>

#### (B) Reconciliation of income tax expenses to profit before tax

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Profit before tax</b>	<b>(6,128)</b>	<b>2,059</b>	<b>(6,128)</b>	<b>2,059</b>
Income tax at the Australian tax rate of 30%	(1,839)	617	(1,839)	617
Prior year adjustment	(1,283)	44	(1,283)	44
Non-deductible expenses	1,810	36	1,810	36
<b>Total income tax expense / (refund)</b>	<b>(1,312)</b>	<b>697</b>	<b>(1,312)</b>	<b>697</b>

#### (C) Current tax assets and liabilities

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current tax asset	3,689	3,987	3,689	3,987
Current tax liability	-	-	-	-

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 9 | Taxes (continued)

#### (D) Deferred tax

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets</b>				
Provision for Expected Credit Loss	1,486	1,206	1,486	1,206
Provision for employee entitlements	1,272	932	1,272	932
Provision for Make Good	159	253	159	253
Leased assets	82	123	82	123
Accrued Expenses	226	-	226	-
Broker trail commissions	1,189	-	1,189	-
Investment Property	1,277	1,551	1,277	1,551
Building Occupied	1,139	-	1,139	-
Unused Tax Loss	-	-	-	-
Derivative	-	66	-	66
<b>Total deferred tax assets</b>	<b>6,830</b>	<b>4,131</b>	<b>6,830</b>	<b>4,131</b>
<b>Deferred tax liabilities</b>				
Securitisation start-up costs	24	17	24	17
Intangibles	195	-	195	-
Equipment	17	-	17	-
Capitalised Trailer Fees	1,216	-	1,216	-
Prepayment Expenses	29	12	29	12
Derivative	18	-	18	-
<b>Total deferred tax liabilities</b>	<b>1,499</b>	<b>29</b>	<b>1,499</b>	<b>29</b>
<b>Net Deferred Tax Assets</b>	<b>5,331</b>	<b>4,102</b>	<b>5,331</b>	<b>4,102</b>

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Movement</b>				
Opening balance of net DTA / (DTL)	4,102	3,718	4,102	3,718
Recognised in profit or loss	1,232	318	1,232	318
Recognised in other comprehensive income	(3)	66	(3)	66
<b>Closing balance of net DTA / (DTL)</b>	<b>5,331</b>	<b>4,102</b>	<b>5,331</b>	<b>4,102</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 9 | Taxes (continued)

#### (E) Adjustments for prior period

Adjustments for prior periods reflects updates of tax estimates from previous financial years that are recognised in the current period. The need for a prior period adjustment often arises from the difference between the estimated tax provision at financial year end (31 December) and the final submitted tax return (31 July). During the preparation of the income tax return in July 2025, the Group identified prior period adjustments in the calculation of current and deferred tax expense, related to 31 December 2024. As these prior periods adjustments were not considered material to the comparative amounts, the current year balances have been adjusted in accordance with Australian Accounting Standards.

#### (F) Recoverability of the deferred tax assets

The assessment of recoverability involves the use of judgement as to future performance of the Group, which is by its nature an estimate and uncertain. Therefore, a deferred tax assets have not been recognised in respect of the unused tax losses (operating) of \$0.7m (2024: \$Nil). There are no unused capital losses for 2025 (2024: \$Nil). The Group will continue to assess the extent to which deferred tax assets will be recoverable in accordance with the Accounting Standards.

### Note 10 | Cash and cash equivalents

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Cash on hand	1,837	2,035	1,837	2,035
Funds held with the RBA	102,291	29,870	102,291	29,870
<b>Due from other financial institutions</b>	<b>29,734</b>	<b>23,358</b>	<b>29,734</b>	<b>23,358</b>
Local banks	4,984	11,326	4,984	11,326
Overseas banks	24,736	11,683	24,736	11,683
Parent entity- Bank of Beirut s.a.l	14	349	14	349
Funds held in trust at local banks	62,365	53,675	-	-
Accrued Interest on Cash and cash equivalents	1	1	1	1
	<b>196,228</b>	<b>108,939</b>	<b>133,862</b>	<b>55,264</b>
Expected credit loss provision	(3)	(18)	(3)	(18)
<b>Total cash and cash equivalents</b>	<b>196,225</b>	<b>108,921</b>	<b>133,860</b>	<b>55,246</b>

#### (A) Maturity period

All cash and cash equivalents balances (excluding Funds held in trust for internal securitisation) are current and at call (less than 12 months). Refer to note 27 for the maturity profile.

#### (B) Fair value measurement

The fair value of cash and cash equivalents are not materially different to the carrying amount due to the short-term nature of these instruments. Refer to note 28 for information on fair value measurement.

#### (C) Due from other financial institutions

As at 31 December 2025, the total deposit with Australian financial institutions is \$67.3 million (FY24: \$65.0 million). Total receivable with overseas financial institutions is \$24.8 million (FY24: \$12.0 million).

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 10 | Cash and cash equivalents (continued)

#### (D) Funds held in trust - Restricted cash

Included within cash and cash equivalents at 31 December 2025 is \$62.3 million (2024: \$53.6 million) on restricted cash for liquidity and expense reserve respectively. The restricted cash is held in the trust, which is a self-securitisation trust established for liquidity purposes. The restricted trust balance is therefore not available for general use by the Bank or its controlled entities.

#### (E) Expected credit loss provision

The cash balances are denominated in Australian Dollars and held with APRA regulated Australian financial institutions as well as overseas institutions. These balances are considered to meet the definition of a low-risk investment and have been considered on this basis for the allowance for credit losses.

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Expected credit loss provision				
Opening balance at beginning of year	(18)	(3)	(18)	(3)
Charge / (reversal)	15	(15)	15	(15)
Closing balance at end of year	(3)	(18)	(3)	(18)

#### (F) Pledged cash and cash equivalents

The Group's cash and cash equivalents balances include \$0.2 million (2024: \$0.2 million), of security deposit obligations with National Australia Bank, which are not available for use to the Group.

#### (G) Accrued interest on cash and cash equivalents

Accrued interest on cash and cash equivalents represents interest not yet received from the relevant counterparties, which is due for receipt in the following financial period.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 11 | Trade receivables and other assets

	Group		Bank	
Trade receivables and other assets	2025	2024	2025	2024
As at 31 December	\$'000	\$'000	\$'000	\$'000
Trade receivables – Current	704	661	704	661
<b>Total trade receivables</b>	<b>704</b>	<b>661</b>	<b>704</b>	<b>661</b>
Clearing and suspense account - Current	3,277	1,050	3,277	1,050
Internal RMBS receivable - Current	-	-	62,365	53,675
Prepayments - Current and non-current	4,486	5,129	4,486	5,129
<b>Total other assets</b>	<b>7,763</b>	<b>6,179</b>	<b>70,128</b>	<b>59,855</b>
<b>Total trade receivables and other assets</b>	<b>8,467</b>	<b>6,841</b>	<b>70,832</b>	<b>60,516</b>
Current: Within 12 months	6,731	4,488	69,096	58,163
Non-current: Greater than 12 months	1,736	2,353	1,736	2,353
<b>Total trade receivables and other assets by maturity period</b>	<b>8,467</b>	<b>6,841</b>	<b>70,832</b>	<b>60,516</b>

#### (A) Maturity profile

The trade and other receivables are short-term in nature and dependent on the terms and conditions of the related contract, where one exists. The receivables include transactions pending settlement. Refer to note 27 for the liquidity risk and maturity profile in relation to the trade and other receivables.

#### (B) Fair value measurement

The fair value of trade receivables and other assets are not materially different to the carrying amount due to the short-term nature of these instruments. Refer to note 28 for information on fair value measurement.

#### (C) Expected credit losses

Trade receivables and other assets are short-term in nature and dependent on the terms and conditions of the related contract, where one exists. The expected credit loss is immaterial for 31 December 2025 (2024: immaterial).

#### (D) Internal RMBS receivable

For the Bank, balances held in internal RMBS securitisation trust bank accounts are not recognised as cash and cash equivalents, as the Bank does not have direct legal title to these balances.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 12 | Investment securities

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Investments securities</b>		
Certificate of deposits	80,629	85,339
Floating rate notes	402,136	392,432
Fixed rate bonds	5,199	9,209
Accrued interest on investment securities	3,032	4,006
<b>Total investment securities pre credit loss provision</b>	<b>490,996</b>	<b>490,986</b>
Whereby investments with Banks	464,102	474,139
Whereby investments with Australian Government and semi-government issuers	26,894	16,847
<b>Total investment securities by concentration pre credit loss provision</b>	<b>490,996</b>	<b>490,986</b>
Current: Within 12 months	221,140	170,337
Non-current: Greater than 12 months	269,856	320,649
<b>Total net Investments securities by maturity period</b>	<b>490,996</b>	<b>490,986</b>
Expected credit loss provision	(274)	(298)
<b>Total investment securities post credit loss provision</b>	<b>490,722</b>	<b>490,688</b>

#### Expected Credit Loss provision

#### Group and Bank

	2025	2024
	\$'000	\$'000
Opening balance at beginning of year	(298)	(395)
(Charge) / reversal	24	97
<b>Closing balance at end of year</b>	<b>(274)</b>	<b>(298)</b>

#### (A) Maturity profile

Investment securities with remaining expected useful lives of less than 12 months after the balance date is \$221.1 million (2024: \$170.3 million).

All other investment securities have expected useful lives longer than 12 months after the balance date for both current and prior period. Refer to note 27 for the Group's exposure to liquidity risk and the maturity profile of the investment securities.

#### (B) Fair value measurement

The Group's business model for managing its financial assets in order to generate cash flows is to hold investments to maturity and collect the associated contractual cash flows. Investments are initially recognised at fair value and subsequently measured at amortised cost. The fair value of financial assets at amortised cost are disclosed in note 28.

#### (C) Accrued interest on investment securities

Accrued interest on investment securities represents interest not yet received from the relevant securities, which is due for receipt in the following financial period.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 12 | Investment securities (continued)

#### (D) Expected credit losses

The investment securities are denominated in Australian Dollars and held with APRA regulated Australian financial institutions and Australian Governments. These securities are considered to meet the definition of a low-risk investment and have been considered on this basis for the allowance for credit losses. The expected credit loss is \$0.3m for 31 December 2025 (2024: \$0.3m). All investments securities are in Stage 1 for the expected credit loss provisioning purpose.

### Note 13 | Net loans and advances

#### (A) Net loans and advances

The table below illustrated the reconciliation from gross to net loans and advances for the year-end:

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Gross loans and advances</b>				
Home Loans	2,558,659	2,374,560	2,558,659	2,374,560
Commercial Loans	315,632	366,934	315,632	366,934
Overdrafts	16,148	9,657	16,148	9,657
Personal Loans	9	16	9	16
Trade Finance	6,528	32,927	6,528	32,927
<b>Gross loans and advances</b>	<b>2,896,976</b>	<b>2,784,095</b>	<b>2,896,976</b>	<b>2,784,095</b>
Expected Credit Loss	(4,676)	(3,705)	(4,676)	(3,705)
Capitalised brokerage costs	4,050	4,390	4,050	4,390
Deferred introducer fee	5,458	5,338	5,458	5,338
<b>Total net loans and advances</b>	<b>2,901,808</b>	<b>2,790,118</b>	<b>2,901,808</b>	<b>2,790,118</b>

#### (B) Expected credit losses

Represents the forward-looking accounting approach that requires the Group to recognise impairment on the gross loans and advances, which are expected. The model incorporates past events, current conditions and forecasts to estimate the provision as each reporting period.

#### (C) Capitalised brokerage costs

The capitalised brokerage costs represent the present value of expected transaction costs from brokers associated to the loans. In 2024, the Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers. The Group has recognised a liability in the balance sheet equal to the present value of expected future trail commission payments, and a corresponding increase in capitalised brokerage costs/transactions costs within loans and advances. This change in policy has no material net impact to net profit after tax.

#### (D) Deferred introducer fees

Deferred introducer fees represent upfront commissions payable to thirdparty introducers for the origination of customer loans. These fees are capitalised or deferred at initial recognition and amortised to profit or loss over the expected life of the underlying loans, consistent with the recognition of related interest income. The deferral of introducer fees reflects the matching of acquisition costs with the economic benefits generated over the term of the facilities.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### (E) Maturity period of gross loans and advances

The table below illustrated the gross loans and advances by maturity:

Group and Bank	2025	2024
	\$'000	\$'000
Current: Within 12 months	58,622	105,304
Non-current: Greater than 12 months	2,838,354	2,678,791
<b>Total Gross loans and advances by maturity period</b>	<b>2,896,976</b>	<b>2,784,095</b>

#### (F) Concentration of gross loans and advances

The table below illustrated the geographical concentration of the Group's Gross Loans and advances based on the geographical location of the security.

Group and Bank	2025	2024
	\$'000	\$'000
New South Wales	1,395,179	1,451,179
Victoria	895,850	842,921
South Australia	354,528	294,994
Queensland	197,245	175,677
Western Australia	54,164	19,323
Others	10	1
<b>Total gross loans and advances by geographical concentration</b>	<b>2,896,976</b>	<b>2,784,095</b>

#### (G) Individual or collective concentration

All loans and advances are secured by collateral located in Australia. There are no borrowers who individually or collectively have exposures that represent 10% or more of the total loans and advances.

#### (H) Individual or collective large exposures

The Group has no large exposures as per the definition in APS 221 Large Exposures for 2025. The total of large exposures as at 31 December 2024 was \$71 million.

#### Expected Credit Loss provision

Group and Bank	2025	2024
	\$'000	\$'000
Opening balance as at the beginning of the year	(3,705)	(3,003)
(Charge) / reversal	(971)	(702)
<b>Closing balance of expected credit losses at the end of the year</b>	<b>(4,676)</b>	<b>(3,705)</b>

#### (I) Fair value measurement

Refer to Note 28 for information on the fair value of the Group's gross loans and advances to customers.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### (J) Expected credit losses by loan type

The expected credit loss by class of asset is summarised in the following tables:

##### Group and Bank

As at 31 December	Gross carrying value		Expected credit loss		Carrying value post credit loss	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home Loans	2,558,659	2,374,560	(1,766)	(1,718)	2,556,893	2,372,842
Commercial Loans	315,632	366,934	(2,851)	(1,927)	312,781	365,007
Overdrafts	16,148	9,657	(34)	(44)	16,114	9,613
Personal Loans	9	16	-	-	9	16
Trade Finance	6,528	32,928	(25)	(16)	6,503	32,912
<b>Gross loans and advances by loan type</b>	<b>2,896,976</b>	<b>2,784,095</b>	<b>(4,676)</b>	<b>(3,705)</b>	<b>2,892,300</b>	<b>2,780,390</b>

#### (K) Expected credit losses by class of asset and security

The Group actively manage its exposures via securities. Secured by others includes exposures secured by collateral other than real estate. The expected credit loss by class of asset and security is summarised in the following tables:

##### Group and Bank

As at 31 December	2025					
	Credit exposure by security					
	Gross carrying value	Expected credit loss	Carrying value	Secured against real estate	Secured by others	Unsecured
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home Loans	2,558,659	(1,766)	2,556,893	2,468,806	89,853	-
Commercial Loans	315,632	(2,851)	312,781	273,023	42,609	-
Overdrafts	16,148	(34)	16,114	15,814	171	163
Personal Loans	9	-	9	-	-	9
Trade Finance	6,528	(25)	6,503	-	6,528	-
<b>Total loans and advances by expected credit loss and security</b>	<b>2,896,976</b>	<b>(4,676)</b>	<b>2,892,300</b>	<b>2,757,642</b>	<b>139,161</b>	<b>172</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### Group and Bank

As at 31 December	2024					
	Credit exposure by security					
	Gross carrying value	Expected credit loss	Carrying value	Secured against real estate	Secured by others	Unsecured
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home Loans	2,374,560	(1,718)	2,372,842	2,305,782	68,778	-
Commercial Loans	366,934	(1,927)	365,007	325,454	41,480	-
Overdrafts	9,657	(44)	9,613	8,610	931	116
Personal Loans	16	-	16	-	-	16
Trade Finance	32,928	(16)	32,912	-	32,928	-
<b>Total loans and advances by expected credit loss and security</b>	<b>2,784,095</b>	<b>(3,705)</b>	<b>2,780,390</b>	<b>2,639,846</b>	<b>144,117</b>	<b>132</b>

#### (L) Expected credit losses by asset class and by staging

An analysis of the Group's credit risk exposure per class of loans and advances and stage before and after management's overlay is reflected in the following table:

#### Group and Bank

As at 31 December	2025				2024			
	ECL Staging in \$'000				ECL Staging in \$'000			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Home Loans	504	189	1,073	1,766	740	281	697	1,718
Commercial Loans	1,048	2	1,801	2,851	1,229	698	-	1,927
Overdrafts	34	-	-	34	35	-	9	44
Personal Loans	-	-	-	-	-	-	-	-
Trade Finance	25	-	-	25	16	-	-	16
<b>Total expected credit losses by staging and asset class</b>	<b>1,611</b>	<b>191</b>	<b>2,874</b>	<b>4,676</b>	<b>2,020</b>	<b>979</b>	<b>706</b>	<b>3,705</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### (M) Credit loss staging by security

The table below represents the stages by security in expected credit losses:

#### Group and Bank

As at 31 December	2025				2024			
	ECL by security in \$'000				ECL by security in \$'000			
	Secured against real estate	Secured by others	Unsecured	Total	Secured against real estate	Secured by others	Unsecured	Total
Stage 1	1,480	106	25	1,611	1,797	223	-	2,020
Stage 2	187	4	-	191	887	92	-	979
Stage 3	2,619	255	-	2,874	706	-	-	706
<b>Total expected credit losses by staging by security</b>	<b>4,286</b>	<b>365</b>	<b>26</b>	<b>4,676</b>	<b>3,390</b>	<b>315</b>	<b>-</b>	<b>3,705</b>

#### (N) Expected credit losses by staging and movements

The table below represents the movement during the year on expected credit losses:

#### Group and Bank

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 January 2024</b>	<b>1,126</b>	<b>1,514</b>	<b>363</b>	<b>3,003</b>
Net loan movement	92	(34)	(64)	(6)
Net transfer between stages	1,113	(1,002)	(111)	-
Net movement due to change in credit risk	(311)	501	518	708
Write-offs	-	-	-	-
<b>Closing balance as at 31 December 2024</b>	<b>2,020</b>	<b>979</b>	<b>706</b>	<b>3,705</b>
Net loan movement	44	(62)	(303)	(321)
Net transfer between stages	241	(810)	569	-
Net movement due to change in credit risk	(694)	84	1,902	1,292
Write-offs	-	-	-	-
<b>Closing balance as at 31 December 2025</b>	<b>1,611</b>	<b>191</b>	<b>2,874</b>	<b>4,676</b>

#### Net transfer between stages:

Movements of loans and advances recognised in the opening balance that have transferred between Stage 1, Stage 2 and Stage 3 excluding remeasurement impacts.

Increase in provision for new loans and advances: movements in provisions for impairment due to new loans and advances originated during the period, reflecting their impairment provision at the end of the period.

#### Net remeasurement of provision:

Net movements in provisions for impairment recognised in the opening balance reflecting remeasurement as a result of transfers of loans and advances between staged, as well as changed in credit risk parameters, management overlays or other assumptions.

#### Write-back of provisions no longer required:

Derecognition of provisions for impairment on loans and advances that gave matured and been repaid.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### Amounts written-off, previously provided for:

Derecognition of provisions for impairment on loans and advances that have been deemed unrecoverable and written-off.

#### (O) Loan to Value Ratio by security

The Group holds collateral against loans and advances in the form of mortgage interest over property and guarantees. For certain residential mortgages, where the Loan to Value Ratio (LVR) is greater than 80%, lenders mortgage insurance (LMI) are entered into in order to manage credit risk. Estimated values are based on the value of the collateral assessed at the time of borrowing and generally are not updated except for when a loan is individually assessed as impaired. The table below provides information on credit exposures from loans and advances lending by stratifications of LVRs. The LVR is calculated as the ratio of the current balances plus undrawn commitments of the loans to the most recent valuation of the collateral.

#### Group and Bank

	2025			2024		
	Gross amount	ECL	Carrying amount	Gross amount	ECL	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<=60%	1,425,553	(3,177)	1,422,376	1,391,184	(1,530)	1,389,654
>60%<=70%	574,918	(545)	574,373	603,489	(1,346)	602,143
>70%<=80%	825,286	(898)	824,388	728,951	(772)	728,179
>80%<=90%	52,864	(11)	52,853	14,644	(6)	14,638
>90%<=100%	18,355	(45)	18,310	45,827	(51)	45,776
<b>Total</b>	<b>2,896,976</b>	<b>(4,676)</b>	<b>2,892,300</b>	<b>2,784,095</b>	<b>(3,705)</b>	<b>2,780,390</b>

The total carrying amount of loans with LVR's greater than 80% that are disclosed above and not insured by lenders mortgage insurance contracts amounts to: LVR's >80%: \$62.8 million (2024: \$26.9 million).

#### Group and Bank

As at 31 December 2025	2025					
	Credit Exposures by Security					
	Gross amount	ECL	Carrying amount	Secured against real estate	Secured by others	Unsecured
Loan-to-value ratio (LVR)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<=60%	1,425,553	(3,177)	1,422,376	1,376,278	49,275	-
>60%<=70%	574,918	(545)	574,373	557,350	17,568	-
>70%<=80%	825,286	(898)	824,388	761,568	63,718	-
>80%<=90%	52,864	(11)	52,853	51,965	899	-
>90%<=100%	18,183	(44)	18,139	10,482	7,701	-
Unsecured	172	(1)	171	-	-	172
<b>Total gross loans and advances</b>	<b>2,896,976</b>	<b>(4,676)</b>	<b>2,892,300</b>	<b>2,757,643</b>	<b>139,161</b>	<b>172</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### Group and Bank

2024						
Credit Exposures by Security						
As at 31 December 2024	Gross Carrying amount	ECL	Carrying amount	Secured against real estate	Secured by others	Unsecured
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loan-to-value ratio (LVR)						
<=60%	1,391,184	(1,530)	1,389,654	1,335,281	55,903	-
>60%<=70%	603,489	(1,346)	602,143	585,616	17,873	-
>70%<=80%	728,951	(772)	728,179	694,541	34,410	-
>80%<=90%	14,644	(6)	14,638	12,182	2,462	-
>90%<=100%	45,694	(51)	45,643	12,226	33,468	-
Unsecured	132	-	132	-	-	132
<b>Total gross loans and advances</b>	<b>2,784,094</b>	<b>(3,705)</b>	<b>2,780,389</b>	<b>2,639,846</b>	<b>144,116</b>	<b>132</b>

#### (P) Expected credit losses by Stage and customer rating

The table below illustrates the Group's on-balance sheet loans and advances and the associated impairment provision for each, according to the Group's internal grading categories. The Group actively manages the ratings through credit risk management, including monitoring and review of borrower performance, intervention strategies, reassessment of collateral values and management of collections and recovery. The exposures set out below are based on carrying amounts.

#### Group and Bank

2025			2024			
	Gross amount	ECL	Carrying amount	Gross amount	ECL	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Customer ratings 1-5: low risk to acceptable	2,850,121	(1,706)	2,848,414	2,740,763	(2,839)	2,737,924
Customer ratings 6-8: management attention to high risk	46,855	(2,970)	43,885	43,332	(866)	42,466
Customer ratings 9-10: impaired	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>2,896,976</b>	<b>(4,676)</b>	<b>2,892,300</b>	<b>2,784,095</b>	<b>(3,705)</b>	<b>2,780,390</b>

#### (Q) Past-due and arrears by assets

Under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted and at the latest when the exposure becomes 30 days past due. The Group continues to actively manage these exposures through its collections and recovery processes.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

The tables below provide an analysis of the amount of loans and advances by past due status:

#### Group and Bank

Arrears by staging	2025					
	Gross carrying value	Current	1-29 days	30-59 days	60-89 days	90+ days
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home Loans	2,558,659	2,514,428	23,271	7,650	2,600	10,711
Commercial Loans	315,632	301,273	10,003	-	-	4,355
Overdrafts	16,148	16,144	2	1	-	1
Personal Loans	9	9	-	-	-	-
Trade Finance	6,528	6,528	-	-	-	-
<b>Total</b>	<b>2,896,976</b>	<b>2,838,382</b>	<b>33,276</b>	<b>7,651</b>	<b>2,600</b>	<b>15,067</b>

#### Group and Bank

Arrears by staging	2024					
	Gross carrying value	Current	1-29 days	30-59 days	60-89 days	90+ days
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home Loans	2,374,560	2,311,497	41,532	11,568	1,395	8,568
Commercial Loans	366,934	343,595	19,296	-	4,043	-
Overdrafts	9,657	9,635	22	-	-	-
Personal Loans	16	16	-	-	-	-
Trade Finance	32,928	32,928	-	-	-	-
<b>Total</b>	<b>2,784,095</b>	<b>2,697,671</b>	<b>60,850</b>	<b>11,568</b>	<b>5,438</b>	<b>8,568</b>

### (R) Expected credit loss provision by base model, forward looking and management overlays

The Expected credit loss is split between base model forward-looking inputs and management overlays. Where there is increased uncertainty regarding the forward-looking economic conditions or limitations of the historical data used to calibrate the model to current stressed environments, overlays are typically used to address areas of potential risk not captured in the underlying provisions. Overlays are determined based on a range of techniques including stress testing, benchmarking, scenarios analysis and management judgement. Overlays are subject to internal governance and applied as a top-up to the impacted portfolio segment.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 13 | Net loans and advances (continued)

#### (S) Forward looking scenario weightings

The Group applies four alternative macro-economic scenarios (Base, Upside, Downside, Severe Downside) to reflect unbiased probability-weighted range of possible future outcomes in estimating the Groups total expected credit loss provisions. Management reviews the model annually and adjusts the macro-economic outlook as the information becomes available. The Group formulated the following four economic scenarios.

Scenario Weighting	2025	2024	Expectations
<b>Base</b>	60%	60%	Based on forecasts from independent third-party sources and reflects an assumption where the impact of the cash rate rises has started to moderate inflation and interest rate begin to decline in 2025. Unemployment remains at low levels which small upticks in the year, but well below historical level. Residential property prices remain relatively flat or slightly increasing.
<b>Upside</b>	25%	25%	Assumes an improvement in economic conditions from Base case.
<b>Downside</b>	10%	10%	Assumes an environment with higher interest rates, increase in unemployment and declining residential housing prices.
<b>Severe Downside</b>	5%	5%	Assumes a deterioration in economic conditions outlines in the Downside scenario.

Sources which may be considered when determining the economic scenarios including external information, economic data and forecasts published by the Reserve Bank of Australia (RBA), Australian Bureau of Statistics (ABS), Big Four Banks published reports and reporting from Cotality. In February 2025, the RBA decreased the cash rate by 25bps to 4.10%, for the first time in more than two years as a result of inflationary pressures. The RBA is forecasting Consumer Price Index (CPI) inflation to peak at 3.7%. The RBA wants inflations to be sitting between 2.5% to 3%. Consequently, economists are expecting the RBA to lift rates up in 2026, suggesting that Australia may be at the start of a new rate hike cycle. The Board will closely monitor such macro-economic developments and impact thereof on customer arrears, hardships and forward-looking emerging risks to guide its response and forward-looking assumptions and scenario weightings.

#### (T) Sensitivity analysis and provision coverage ratio

Over the past year, the global economy has experienced a period of weaker growth as central banks around the world, and particularly Australia held interest rates at elevated levels to temper inflation. While major economies have proven more resilient than many anticipated, consumer and business sentiment suffered as higher borrowing costs, greater uncertainty and cost of living pressures had an impact. The uncertainty in relation to the measurement of the Group's ECL for loan and advances remains high due to global and local economic events. Accordingly, significant adjustments to the ECL could occur in future periods as the full effects of inflation and cash rate changes evolve.

#### (U) Equity Reserve for Credit Losses and provision coverage ratio

Besides the AASB 9 Financial Instruments prescribed provisioning, the Group also maintains an Equity Reserve for Credit Losses (ERCL), which represents an appropriation of retained earnings to cover potential future credit losses that may arise but are not yet recognised within the Expected Credit Losses or specific provisions (see note 25). The combined coverage ratio of ECL and ERCL on loans and advances is as follows:

#### Group and Bank

	2025	2024
Statistics	\$'000	\$'000
Total gross loans and advances	2,896,976	2,784,095
Total expected credit loss provision for loans and advances (ECL)	4,676	3,705
Total equity reserve for credit loss provision for loans and advances (ERCL)	3,859	4,303
<b>Ratio analysis</b>	<b>%</b>	<b>%</b>
Total ECL + ERCL to gross loans (basis points)	0.29%	0.29%

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 14 | Intangible assets

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Internally generated intangible assets</b>		
At cost	16,635	20,819
Work in progress	1,009	830
Less: Accumulated amortisations	(11,822)	(12,484)
<b>Net intangible assets</b>	<b>5,822</b>	<b>9,165</b>
Current: Within 12 months	156	215
Non-current: Greater than 12 months	5,666	8,950
<b>Total intangible assets by maturity period</b>	<b>5,822</b>	<b>9,165</b>

#### (A) Movement in carrying amounts

Reconciliation of the carrying values of intangibles are set out below:

#### Group and Bank

	2025	2024
	\$'000	\$'000
Opening balance (excluding work in progress)	9,165	12,290
Work in Progress	1,008	830
Additions	168	1,442
Impairment	(1,723)	(2,160)
Amortisation expense	(2,796)	(3,237)
<b>Closing balance at year end</b>	<b>5,822</b>	<b>9,165</b>

#### (B) Impairment of intangible assets and work in progress

For the financial year ended 31 December 2025, the Group completed its annual assessment of the carrying amounts of its internally generated intangible assets, including work in progress, as required by AASB 136 Impairment of Assets. During this annual review, the Group identified \$1.7 million impairment (2024: \$2.2 million). The Group continues to monitor and account for its investments in technology in accordance with its accounting policy.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 15 | Property, plant and equipment

Reconciliation of the carrying values of property, plant and equipment are set out below:

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Equipment</b>		
At Cost	6,311	7,045
Less: Accumulated depreciation	(3,823)	(3,783)
<b>Total equipment</b>	<b>2,488</b>	<b>3,262</b>
<b>Leasehold improvements</b>		
At Cost	3,392	4,294
Less: Accumulated depreciation	(2,977)	(3,478)
<b>Total leasehold improvements</b>	<b>415</b>	<b>816</b>
<b>Building</b>		
At Cost	43,623	41,282
Transfers	(2,341)	2,129
Less: Accumulated depreciation	(5,388)	(4,002)
<b>Total building</b>	<b>35,894</b>	<b>39,409</b>
<b>Land</b>		
At Cost	6,407	6,407
Less: Accumulated depreciation	-	-
<b>Total land</b>	<b>6,407</b>	<b>6,407</b>
<b>Total Property and Equipment</b>	<b>45,204</b>	<b>49,894</b>
Current: Within 12 months	31	44
Non-current: Greater than 12 months	45,173	49,850
<b>Total property, plant and equipment by maturity period</b>	<b>45,204</b>	<b>49,894</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 15 | Property, plant and equipment (continued)

#### (A) Movement in carrying amounts

Reconciliation of the carrying values of property, plant and equipment are set out below:

#### Group and Bank

	Equipment	Leasehold improvements	Building	Land	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2024</b>	<b>3,278</b>	<b>1,013</b>	<b>39,131</b>	<b>6,407</b>	<b>49,829</b>
Additions	696	11	-	-	707
Disposal	-	-	-	-	-
Transfer from Investment Property	-	-	2,129	-	2,129
Depreciation: Transfer to Investment Property	-	-	(779)	-	(779)
Depreciation	(712)	(208)	(1,072)	-	(1,992)
<b>At 31 December 2024</b>	<b>3,262</b>	<b>816</b>	<b>39,409</b>	<b>6,407</b>	<b>49,894</b>
Additions	168	4	-	-	172
Transfer to Investment Property	-	-	(2,341)	-	(2,341)
Depreciation: Transfer to Investment Property	-	-	(122)	-	(122)
Depreciation	(942)	(404)	(1,052)	-	(2,398)
<b>At 31 December 2025</b>	<b>2,488</b>	<b>416</b>	<b>35,894</b>	<b>6,407</b>	<b>45,205</b>

#### (B) Additions

There were \$0.2m additions in equipment for the year ending 31 December 2025 (2024: \$0.7m).

#### (C) Transfer

During the financial year ended 31 December 2024 (prior period), the Group took over additional spaces in its building that were previously available to let. These spaces are utilised by the Group as additional office space and collaborative spaces for its operations. This resulted in a transfer of \$2.1 million from Investment Property to Buildings in 2024.

During the financial year ended 31 December 2025 (current period), the Group leased out additional spaces in its building that were previously classified as owner occupied. This resulted in a transfer of \$2.3 million from Buildings to Investment Property in 2025.

#### (D) Depreciation adjustment

Following the transfer under (C) the associated amount of accumulated depreciation was also transferred between the different classes.

#### (E) Annual assessment of impairment of assets

The directors are satisfied that the fair value supports the land value and costs for the year ended 31 December 2025.

Property, plant and equipment are tested for impairment in accordance with AASB 136 Impairment of Assets. The Group has analysed its property, plant and equipment for impairment and has concluded there is no indication the assets are impaired. (2024: \$Nil).

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 16 | Right of use assets

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Right of use assets</b>		
At Cost	5,543	7,972
Less: Accumulated depreciation	(4,972)	(5,762)
<b>Total right of use assets</b>	<b>571</b>	<b>2,210</b>
Current: Within 12 months	468	1,301
Non-current: Greater than 12 months	103	909
<b>Total right of use assets by maturity period</b>	<b>571</b>	<b>2,210</b>

#### (A) Movements in carrying amounts

A reconciliation of the carrying amount of right of use assets is set out below:

#### Group and Bank

	Right of use assets
	\$'000
<b>At 1 January 2024</b>	<b>2,951</b>
Additions	331
Disposal	-
Depreciation	(1,072)
<b>At 31 December 2024</b>	<b>2,210</b>
Additions	-
Disposal	-
Modification	(587)
Depreciation	(1,052)
<b>At 31 December 2025</b>	<b>571</b>

#### (B) Right of use asset

The Group leases 5 premises for its branches under agreements of an average of 5 years with lease termination dates ranging from 2026 to 2028.

#### (C) Annual assessment of impairment of assets

The Group has analysed its right-of-use assets for impairment and has concluded there is no indication the right-of-use assets are impaired (2024: No indicators of impairment).

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 16 | Right of use assets (continued)

#### (D) Modification

During the year, the lease term for a property lease was reassessed, reducing the lease expiry date from October 2026 to October 2025. The lease liability remeasured and the right-of-use asset adjusted accordingly in accordance with the Accounting Standards.

The impact on the remeasured was as follows:

#### Group and Bank

	2025	2024
	\$'000	\$'000
Reduction in lease liability	307	-
Reduction in right-of-use asset	(587)	-
<b>Total profit and loss impact related to leases</b>	<b>(280)</b>	<b>-</b>

#### (E) Make-good provisions and bank guarantee

A make-good provision is recorded in the provisions, refer to note 20. The Group has a bank guarantee in place for the leases, refer to note 32.

### Note 17 | Investment property

#### Group and Bank

	2025	2024
	\$'000	\$'000
At Cost	12,336	14,677
Transfers	2,341	(2,129)
Less: Accumulated depreciation	(1,886)	(1,853)
<b>Total investment property</b>	<b>12,791</b>	<b>10,695</b>
Current: Within 12 months	-	-
Non-current: Greater than 12 months	12,791	10,695
<b>Total investment property by maturity period</b>	<b>12,791</b>	<b>10,695</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 17 | Investment property (continued)

#### (A) Movement in carrying amounts

Reconciliation of the carrying values of Investment property are set out below:

#### Group and Bank

	Investment property
	\$'000
<b>At 1 January 2024</b>	<b>12,391</b>
Additions	-
Disposal	-
Transfer to building	(2,129)
Depreciation transfer to building	779
Depreciation	(346)
<b>At 31 December 2024</b>	<b>10,695</b>
Additions	-
Disposal	-
Transfer from building	2,341
Depreciation transfer from building	122
Depreciation	(367)
<b>At 31 December 2025</b>	<b>12,791</b>

#### (B) Transfer from buildings to investment property at costs

During the financial year ended 31 December 2024 (prior period), the Group took over additional spaces in its building that were previously available to let. These spaces are utilised by the Group as additional office space and collaborative spaces for its operations. This resulted in a transfer of \$2.1 million from Investment Property to Buildings in 2024.

During the financial year ended 31 December 2025 (current period), the Group leased out additional spaces in its building that were previously classified as owner occupied. This resulted in a transfer of \$2.3 million from Buildings to Investment Property in 2025.

#### (C) Depreciation adjustments

Following the transfer under (B) the associated amount of accumulated depreciation was also transferred between the different classes.

#### (D) Annual assessment of impairment of assets

No impairment loss was recognised in respect of investment property in 2025 (2024: Nil) as there was no indication of impairment. Management performed a stressed scenario sensitivity assessment which demonstrated that any impairment would not be material to the financial statements.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 18 | Trade payables and other liabilities

As at 31 December	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Unsecured</b>				
Trade payables - Current	163	3	163	3
Accrued expenses - Current	1,184	771	1,184	771
<b>Total trade payables and accrued expenses</b>	<b>1,347</b>	<b>774</b>	<b>1,347</b>	<b>774</b>
<b>Unsecured</b>				
Clearing and suspense accounts – Current	4,395	10,013	4,395	10,013
Trail commission payable	3,962	4,390	3,962	4,390
<b>Total other liabilities</b>	<b>8,357</b>	<b>14,403</b>	<b>8,357</b>	<b>14,403</b>
<b>Total trade payables and other liabilities</b>	<b>9,704</b>	<b>15,177</b>	<b>9,704</b>	<b>15,177</b>
Current: Within 12 months	7,678	12,592	7,678	12,592
Non-current: Greater than 12 months	2,026	2,585	2,026	2,585
<b>Total trade payables and other liabilities by maturity period</b>	<b>9,704</b>	<b>15,177</b>	<b>9,704</b>	<b>15,177</b>

#### (A) Maturity profile

The unsecured trade payables and other liabilities are expected to be paid within the next 12 months, with the exception of trail commissions.

Refer to note 27 for the liquidity risk management and maturity profile of the trade payables and other liabilities.

#### (B) Fair value measurement

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

Refer to note 28 for information on fair value measurement.

#### (C) Trade payables

Trade payables are unsecured and non-interest bearing and are generally on 30 days terms.

#### (D) Accrued expenses

This represents accruals for expected invoices not yet received of which are relevant to year-end reporting. The accrued expenses are expected to be paid within the next 12 months.

#### (E) Clearing and suspense accounts

Clearing and suspense accounts are short-term in nature and include transactions pending settlement.

#### (F) Trail commission payable

The trail commissions payable represents the present value of expected future trail commission payments. In 2024, the Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers. The Group has recognised a liability in the balance sheet equal to the present value of expected future trail commission payments, and a corresponding increase in capitalised brokerage costs/ transactions costs within loans and advances. This change in policy has no material net impact to net profit after tax.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 19 | Deposits

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Customer deposits</b>		
Current account deposits	540,533	526,918
Savings account deposits	251,651	182,543
Term deposits	2,495,120	2,363,045
Accrued interest payable on customer deposits	30,475	36,573
<b>Total customer deposits</b>	<b>3,317,779</b>	<b>3,109,079</b>
<b>Due to other financial institutions</b>		
Due to other financial institutions – current	2,571	5,736
Parent entity- Bank of Beirut s.a.l	98	106
Accrued interest payable on amounts due from other financial institutions	1	12
<b>Total deposits</b>	<b>3,320,449</b>	<b>3,114,933</b>

#### (A) Maturity profile of Customer deposits

There were no defaults on interest and capital payments on these deposits in the current or prior year. Refer to note 27 for the liquidity risk management and maturity profile of the deposits.

#### Group and Bank

At 31 December	2025	2024
	\$'000	\$'000
Current (and at call) - Within 12 months	3,315,657	3,104,663
Non-current: Greater than 12 months	2,122	4,416
<b>Total deposits by maturity period</b>	<b>3,317,779</b>	<b>3,109,079</b>

#### (B) Fair value measurement

Refer to note 28 for information on fair value measurement.

#### (C) Due to other financial institutions

As at 31 December 2025, the total deposit from Australian financial institutions is Nil (FY24: Nil). Total deposits with overseas financial institutions is \$2.7 million (FY24: \$5.8 million). The deposit balances are unsecured deposits.

#### (D) Parent entity – Bank of Beirut s.a.l

Refer to note 30 related party balances for more information.

#### (E) Accrued interest payable on customer deposits, other financial institutions and parent entity

Interest on deposits is calculated in accordance with the terms of each deposit and brought to account on an effective yield basis. Unpaid interest is accrued and reflected as a component of total deposit balances.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 19 | Deposits (continued)

#### (F) Individual or collective concentration of deposits

There are no depositors who individually or collectively have deposits that represent 10% or more of the total deposits.

#### (G) Geographical concentration – Deposits

The table below illustrated the geographical concentration of the Group's deposits based on the geographical location.

##### Group and Bank

	2025	2024
As at 31 December	\$'000	\$'000
New South Wales	1,419,968	1,312,728
Australian Capital Territory	25,398	23,990
Tasmania	20,246	13,610
Victoria	1,084,227	1,038,470
Queensland	227,779	210,505
South Australia	306,237	252,339
Western Australia	128,137	134,056
Northern Territory	3,999	4,051
Overseas	101,787	119,330
<b>Total call deposits by geographical concentration</b>	<b>3,317,779</b>	<b>3,109,079</b>

### Note 20 | Provisions

##### Group and Bank

	2025	2024
	\$'000	\$'000
Annual leave provision	1,393	1,401
Long service leave provision	2,013	1,705
Other employee benefits	839	393
Make good provision	530	546
<b>Total provisions</b>	<b>4,775</b>	<b>4,045</b>
Current provisions within 12 months	4,142	3,348
Non-current provisions > 12 months	633	697
<b>Total provisions by maturity</b>	<b>4,775</b>	<b>4,045</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 20 | Provisions (continued)

#### (A) Movement in provisions

A reconciliation of the carrying amount of each class of provision is set out below:

#### Group and Bank

	Annual leave	Long service leave	Other employee benefits	Make good provision	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2024</b>					
Opening balance	1,715	1,678	711	477	4,581
Net provision recognised / (utilised)	226	291	(121)	69	465
Cash payments	(540)	(264)	(197)	-	(1,001)
<b>At 31 December 2024</b>	<b>1,401</b>	<b>1,705</b>	<b>393</b>	<b>546</b>	<b>4,045</b>
Net provision recognised / (utilised)	293	418	691	61	1,463
Cash payments	(301)	(110)	(245)	(77)	(733)
<b>At 31 December 2025</b>	<b>1,393</b>	<b>2,013</b>	<b>839</b>	<b>530</b>	<b>4,775</b>

#### (B) Employee entitlements

The provisions for annual leave and long service leave cover the Group's liabilities for leave obligations.

#### (C) Other employee entitlements

Other employee entitlements include short-term incentives and are expected to be paid in the ensuing twelve months.

#### (D) Leasehold make-good provision

The Group is required to restore the leased premises of its branches to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the measurement of the respective right of use assets and are depreciated over the shorter of the term of the lease and the useful life of the assets.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 21 | Lease liabilities

The Group leases branch premises across Australia under agreements with terms ranging from one to five years, some of which include extension options. The gross nominal outflow disclosed below is the contractual, undiscounted cash flow on the Group's lease liabilities. These amounts include variable lease components that are linked to an index (such as consumer price index) at the prevailing rate of the index at commencement.

The lease liability is remeasured prospectively as this rate changes through the term of the lease. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Undiscounted lease liability</b>		
Current	680	1,384
Non-current	176	1,578
<b>Total</b>	<b>856</b>	<b>2,962</b>
<b>Discounted lease liability</b>	<b>\$'000</b>	<b>\$'000</b>
Current	680	1,384
Non-current	164	1,235
<b>Total</b>	<b>844</b>	<b>2,619</b>

#### (A) Movement in lease liabilities

A reconciliation of the carrying amount of lease liabilities is set out below:

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Movement in discounted lease liability</b>		
Opening balance	2,619	3,544
Lease payments	(1,384)	(1,342)
Interest expenses	(84)	(129)
Modifications	(307)	546
<b>Closing balance</b>	<b>844</b>	<b>2,619</b>

#### (B) Modifications

During the year, the lease term for a property lease was reassessed, reducing the lease expiry date from October 2026 to October 2025.

The lease liability remeasured and the right-of-use asset adjusted accordingly in accordance with the Accounting Standards.

#### (C) The Statement of Profit & Loss shows following amounts relating to leases:

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Profit and loss impact related to leases</b>		
Depreciation charge on right of use assets	(1,052)	(1,072)
Interest expense on lease liabilities	(84)	(129)
<b>Total profit and loss impact related to leases</b>	<b>(1,136)</b>	<b>(1,201)</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 21 | Lease liabilities (continued)

#### (D) The Statement of cash flow following amounts relating to leases:

The total cash outflow for leases for the year ending 31 December 2025 was \$1.3 million (2024: \$1.3 million).

### Note 22 | Derivative financial instruments

#### (A) Interest rate swaps

The Group utilises derivative instruments in managing its exposure to risk. At inception of all hedge relationships, the Group documents the relationship between the hedging instrument and hedged item, the risk being hedged, the Group's risk management objective and strategy, and how effectiveness will be measured throughout the hedge relationship.

Specifically, the Group is exposed to interest rate fluctuations as it pays floating interest on customer deposit liabilities and receives fixed interest from fixed-rate loans. To alleviate this risk the Group enters interest rate swaps to receive floating rate interest and pay fixed rate interest.

The Group assesses hedge effectiveness by comparing the change in fair value of a hypothetical derivative reflecting the terms of the portion of gross interest cash outflows that will result from the repricing or reinvestment of the Group's 3 month fixed short term deposit portfolio with the changes in fair value of the interest rate swaps used to hedge the exposure. The Group uses the hypothetical derivative method to determine changes in fair value of the hedged item.

During the 2022-2023 financial year the bank entered into two interest rate swaps respectively \$2 million which matured on 27 January 2027 and \$3 million maturing on 28 July 2027. No new derivative instruments agreements were entered into during the financial year (2024: Nil).

Trading derivatives are not in a qualifying hedging relationship, and as such are measured at fair value through the profit or loss.

The Group has not held any instruments treated as trading derivatives for the financial year ended 31 December 2025 (2024: None).

#### (B) Hedge ineffectiveness

The Group has designated all derivative instruments held into a highly effective hedging relationship across the variable lending book as outlined above. Hedge ineffectiveness may arise where the changes in variable cash flows arising from the derivative instruments significantly differ from the changes in cash flows arising from the hedged items. Potential sources of ineffectiveness mainly relate to differences in the repricing on the variable deposit book, which is based off the cash rate against the derivative instruments which reprice on Bank Bill Swap Rate (BBSW) reference rate.

No hedging has been recognised in the Consolidated Statement of Profit or Loss for the year ended 31 December 2025 (2024: \$Nil).

#### (C) Derivative assets and liabilities

The table below sets out total derivative liabilities treated as hedging derivatives:

##### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Assets</b>		
Interest rate swaps designated as cash flow hedge	44	35
Foreign currency forwards not designated in a hedge relationship	18	66
<b>Total derivative assets</b>	<b>62</b>	<b>101</b>
<b>Liabilities</b>		
Interest rate swaps designated as cash flow hedge	-	1
Foreign currency forwards not designated in a hedge relationship	-	84
<b>Total derivative liabilities</b>	<b>-</b>	<b>85</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 22 | Derivative financial instruments (continued)

#### D) Fair value measurement of the hedge items

The Group's interest rate swaps are classified using the fair value hierarchy level 2 observable inputs valuation techniques (refer to note 28). The fair value of interest rate swaps is based on mid-market levels as of the close of business on the reporting date. The valuations are derived from proprietary models based upon well recognised financial principles and reasonable estimates about relevant future market conditions.

The table below sets out total derivative assets and liabilities treated as hedging derivatives:

#### Group and Bank

			2025		2024	
			Carrying amount at fair value	Notional Value	Carrying amount at fair value	Notional Value
			\$'000	\$'000	\$'000	\$'000
<b>Derivative assets</b>	<b>Hedging instrument</b>	<b>Risk</b>				
Cash flow hedges	Interest rate swaps	Interest rate	44	5,000	35	7,700
<b>Derivative liabilities</b>	<b>Hedging instrument</b>	<b>Risk</b>				
Cash flow hedges	Interest rate swaps	Interest rate	-	5,000	1	7,700

#### (E) Risk management strategy for hedge accounting

The Group actively manages its exposure to interest rate risk by entering 'receive floating/pay fixed' interest rate swaps for a portion of the Bank's floating rate deposit book.

The Group receives variable interest on swaps with a notional amount of \$5 million (2024: \$7.7 million), on which it pays fixed interest and receives interest at a variable rate based on the three-month AUD-Bank Bill Swap rate ('BBSW') on the notional amount.

As at 31 December 2025, the Group received floating interest on swaps with a notional amount of \$5 million (2024: \$7.7 million). Under hedge accounting rules, these arrangements are treated as swapping the variable interest paid on the Bank's deposits to a variable rate receipt.

Interest rate derivatives are executed and designated into a qualifying cash flow hedge relationship on inception, swapping out floating rate Notes to and forming part of the financial statements interest paid on a portion of the Group's variable deposit book. This reduces volatility in the Bank's realised Net Interest Margin (NIM) during periods of movement in the cash rate. The applicable benchmark interest rate that the Group is exposed to across the time period (3-month BBSW) is hedged as this represents the largest component of changes in future expected cash flows.

#### (F) Maturity profile of derivatives

The table below presents the maturity profile of hedging instruments by notional amounts and fair values net interest margin:

#### Group and Bank

				2025		2024					
				One year or less	More than one year and up to five years	More than five years	Total	One year or less	More than one year and up to five years	More than five years	Total
				\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest rate swaps	-	5,000	-	5,000	2,700	5,000	-	7,700			

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 23 | Contributed equity

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
230,000,000 ordinary shares issued and fully paid	230,000	230,000	230,000	230,000
	230,000	230,000	230,000	230,000

#### (A) Ordinary shares

All shares are fully paid ordinary shares, which have a par value of \$1AUD, carry one vote per share and carry a right to dividends. Bank of Beirut s.a.l owns 100% of the Group. The Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

There was no additional capital raised during the financial year ended 31 December 2025 (2024: \$Nil).

#### (B) Capital management

The Group manages its capital to ensure that the Group can fund its operations and continue as a going concern, with sufficient capital being maintained to exceed both externally imposed prudential requirements and internally defined capital limits, whilst optimising its capital structure to maximise the beneficial use of available capital.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The externally imposed minimum prudential capital requirement placed on the Group by APRA is calculated under Basel III (refer note 27).

There have been no other changes in the strategy adopted by the Group to manage its capital since the prior year.

In the event of the winding up of the Group, ordinary shareholders rank after all other shareholders. Creditors are fully entitled to any proceeds on liquidation to meet outstanding amounts owing.

### Note 24 | Retained earnings

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Retained earnings at beginning of year	105,581	104,810	105,581	104,810
Net profit after income tax	(4,809)	1,368	(4,809)	1,368
Transfer (to) / from equity reserve for credit losses	444	(189)	444	(189)
Transfer (to) / from cash flow hedge reserve	(7)	(408)	(7)	(408)
<b>Retained earnings at year-end</b>	<b>101,209</b>	<b>105,581</b>	<b>101,209</b>	<b>105,581</b>

### Note 25 | Reserves

#### (A) Equity Reserve for Credit Losses

The ERCL represents an appropriation of retained earnings to cover potential future credit losses that may arise but are not yet recognised within the Expected Credit Losses or specific provisions. The ERCL is calculated using a risk matrix which considers leading economic

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 25 | Reserves (continued)

indicators such as inflation, unemployment rates and residential property values and is applied to credit risk weighted assets, thus forming a direct link to the inherent risk of the Bank's portfolio. The reserve is maintained in accordance with the Group's internal risk management policies and regulatory expectations, ensuring prudent capital management. It reflects the Group's responsible approach to provisioning for credit risk.

	Group	Bank
	2025	2024
	\$'000	\$'000
Opening balance	4,303	4,114
Increase / (decrease) in ERCL	(577)	270
Tax effect of increase / (decrease)	133	(81)
<b>Total equity reserve for credit losses</b>	<b>3,859</b>	<b>4,303</b>

### (B) Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in note 24.

	Group	Bank
	2025	2024
	\$'000	\$'000
Opening balance	(22)	(436)
Changes in the fair value of cash flow reserve	123	592
Tax effect of revaluations	(3)	(178)
<b>Total cash flow hedge reserves</b>	<b>(148)</b>	<b>(22)</b>
<b>Total Reserves</b>	<b>3,711</b>	<b>4,281</b>

### Note 26 | Dividends

The Directors do not recommend that a dividend be paid in respect of the financial year ended 31 December 2025 (2024: \$Nil).

### Note 27 | Financial risk management

The Group's activities expose it to a variety of financial risks, and those activities involve the analysis, evaluation, acceptance and management of these risks. Taking risk is core to the financial business, and exposures to operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework and sets the Group's risk appetite.

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 27 | Financial risk management (continued)

The Board Risk Management Committee ('BRMC') is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Executive Risk and Compliance Committee assists the Board and the BRMC in overseeing all risk management activities that are carried out, for the purpose of identifying, evaluating and managing all key business risks.

The Group applies an enterprise risk management framework to development and implements strategies, policies, procedures, and controls to manage the Groups' risk. The risks that the Group has exposure to include, but are not limited to:

#### Credit risk

- 27.1 Credit risk

#### Market risk

- 27.2 Interest rate risk
- 27.3 Foreign currency risk
- 27.4 Liquidity risk

#### Operational risk

- 27.5 Capital risk

This note presents information about the exposure to each of these risks and the objectives, policies, and processes for measuring and managing risk and capital. Further quantitative disclosures are included throughout the notes to the financial statements.

### 27.1 Credit risk

#### (A) Risk definition and governance

Credit risk is the risk that a counterparty will fail to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises primarily from lending activities, including residential and commercial loans, as well as from exposures to financial institutions and investment securities.

Credit risk is managed through a framework of credit policies, risk limits, and approval processes. The Board oversees credit risk through the Board Risk Committee, while management monitors exposures through regular reporting and credit portfolio reviews.

#### (B) Measurement approach

The group measures credit rate risk through a combination of:

- Internal credit assessment processes
- Monitoring of credit quality indicators
- Portfolio concentration analysis
- Expected credit loss (ECL) modelling in accordance with IFRS 9 Financial Instruments.

Financial assets are classified into three stages based on credit risk deterioration

- **Stage 1:** Performing assets with no significant increase in credit risk
- **Stage 2:** Assets with a significant increase in credit risk
- **Stage 3:** Credit impaired assets

Expected credit losses are recognised using probability of default, loss given default and exposure at default estimates.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.1 Credit risk (continued)

#### (C) Quantitative analysis

The table hereafter summarises the Group's maximum credit exposure, before taking account of any collateral held or other credit enhancements. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For customer commitments, the maximum exposure to credit risk is the full amount of the committed facilities as at reporting date.

#### (D) Sensitivity and scenario analysis

The Group has performed a sensitivity analysis in respect to its expected credit loss at note 27.5(D).

#### (E) Regulatory and mitigation summary

The Group mitigates credit risk through:

- Credit approval limits and lending policies
- Collateral and security arrangements
- Ongoing monitoring of borrower creditworthiness
- Portfolio diversification

Collateral held includes residential and commercial property, guarantees and other security arrangements. Credit exposures are regularly reviewed to ensure compliance with internal risk limits and regulatory expectations.

At the reporting date, the Group's credit risk exposures remained within approved limits.

#### Group and Bank

		2025	2024
	Note	\$'000	\$'000
<b>Credit risk exposures relating to on-balance sheet</b>			
Cash and cash equivalents	10	196,225	108,921
Gross Loans and advances to customers*	13	2,896,976	2,784,095
Investment securities	12	490,996	490,986
Derivative financial assets	22	62	101
<b>Total</b>		<b>3,584,259</b>	<b>3,384,103</b>
<b>Credit risk exposures relating to off-balance sheet</b>			
Loans approved not settled	32	69,421	42,157
Bank Guarantees	32	10,585	8,269
Commitments to extend credit	32	281,862	257,755
Trade finance contingencies	32	1,032	36,855
<b>Total</b>		<b>362,900</b>	<b>345,036</b>

\*Gross loans and advances to customers is excluding the expected credit loss provision, capitalised brokerage costs and deferred introducer fee. Refer to note 13(A).

#### Maximum exposure to credit risk

The table below presents the maximum exposure to credit risk arising from on-Balance Sheet and off-Balance Sheet financial instruments. The exposure is shown gross before taking into account any master netting, collateral agreements or other credit enhancements.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.1 Credit risk (continued)

#### Group and Bank

	Note	2025				2024			
		in \$'000				in \$'000			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets</b>									
<b>Credit risk exposures relating to on-balance sheet assets</b>									
Cash on hand and at central bank	10	104,128	-	-	104,128	31,905	-	-	31,905
Deposits with banks and financial institutions	10	92,086	-	-	92,086	76,686	-	-	76,686
Intergroup placements	10	-	-	14	14	-	-	349	349
Gross Loans and advances to customers	13	2,851,067	21,684	24,225	2,896,976	2,732,299	37,609	14,187	2,784,095
Derivative financial assets	22	62	-	-	62	101	-	-	101
Investment securities	12	490,996	-	-	490,996	490,986	-	-	490,986
Trade receivables	11	704	-	-	704	661	-	-	661
Other financial assets	11	7,763	-	-	7,763	6,179	-	-	6,179
<b>Credit risk exposures relating to off-balance sheet assets</b>									
Commitments and contingencies	32	362,901	-	-	362,901	345,037	-	-	345,037
<b>Total potential exposure to credit risk</b>		<b>3,909,707</b>	<b>21,684</b>	<b>24,239</b>	<b>3,955,630</b>	<b>3,683,854</b>	<b>37,609</b>	<b>14,536</b>	<b>3,735,999</b>

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:

- **Loans and advances – concentration risk**

Concentration risk is managed by client or counterparty, by geographical region, by industry sector, by exposure type or by risk features. The Group implements certain exposure and concentration limits in order to mitigate concentration risk. The geographic concentration, which is based on the location if the customer security is presented in note 13.

- **Loans and advances – credit quality**

Note 13 for loans and advances discloses the effect of movements in the gross carrying value of loans and issued by the Group on behalf of customers, to the different stages of the ECL model.

- **Loans and advances – ageing**

Note 13 presents the ageing analysis of past due but not impaired loans.

- **Loans and advances – loan to value ratio**

The majority of the Group's loan portfolio is secured with mortgages over relevant properties and as a result credit risk is managed by reference to the loan to value ratio (LVR). Note 13 presents the Group's LVR on portfolios.

#### **(F) Loans and advances - maximum exposure to credit risk**

Maximum exposure is the carrying value on the Statement of Financial Position plus "off Balance Sheet Position" undrawn facilities consisting of loans approved not advanced, redraw facilities, overdraft facilities and funds held in loan offset accounts.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.1 Credit risk (continued)

#### Group and Bank

As at 31 December	2025			2024		
	in \$'000			in \$'000		
	Carrying value	Undrawn facilities	Maximum exposure	Carrying value	Undrawn facilities	Maximum exposure
Home Loans	2,558,659	231,820	2,790,479	2,374,560	208,602	2,583,162
Commercial Loans	315,632	26,738	342,370	366,934	24,295	391,229
Overdrafts	16,148	23,305	39,453	9,657	24,858	34,515
Personal Loans	9	-	9	16	-	16
Trade Finance	6,528	1,032	7,560	32,928	36,855	69,783
<b>Total potential exposure to credit risk for loans and advances</b>	<b>2,896,976</b>	<b>282,895</b>	<b>3,179,871</b>	<b>2,784,095</b>	<b>294,610</b>	<b>3,078,705</b>

#### Investments – credit risk

The Bank maintains a Treasury Risk Management Framework 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 Executive Credit Committee approves individual credit limits, reviews large exposures to counterparties and oversees the annual review of counterparties.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.1 Credit risk (continued)

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

#### Group and Bank

2025					
in \$'000					
	Note	Number of institutions invested with	Carrying value	ECL	Carrying value net of provision
<b>Cash and cash equivalents</b>	<b>10</b>				
Aa1-Aa3		4	179,156	-	179,156
A3-A1		1	4,833	(3)	4,830
Baa3-Baa1		2	12,239	-	12,239
		<b>7</b>	<b>196,228</b>	<b>(3)</b>	<b>196,225</b>
<b>Investment securities</b>	<b>12</b>				
Aa1-Aa3		16	151,984	(75)	151,909
A3-A1		38	244,072	(101)	243,971
Baa3-Baa1		14	94,940	(98)	94,842
		<b>68</b>	<b>490,996</b>	<b>(274)</b>	<b>490,722</b>

#### Group and Bank

2024					
in \$'000					
	Note	Number of institutions invested with	Carrying value	ECL	Carrying value net of provision
<b>Cash and cash equivalents</b>	<b>10</b>				
Aa1-Aa3		4	89,442	-	89,442
A3-A1		1	11,174	(18)	11,156
Baa3-Baa1		2	8,324	-	8,324
		<b>7</b>	<b>108,940</b>	<b>(18)</b>	<b>108,922</b>
<b>Investment securities</b>	<b>12</b>				
Aa1-Aa3		18	154,191	(101)	154,090
A3-A1		50	265,149	(175)	264,974
Baa3-Baa1		8	71,646	(22)	71,624
		<b>76</b>	<b>490,986</b>	<b>(298)</b>	<b>490,688</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.2 Interest rate risk

#### (A) Risk definition and governance

Interest rate risk is the risk that changes in market interest rates will adversely affect the Group's earnings or the economic value of its assets and liabilities. The Group is exposed to interest rate risk primarily through its lending, deposit-taking and treasury activities. Interest rate risk arises from differences in timing of repricing of interest-bearing assets and liabilities.

Interest rate risk is managed by senior management and overseen by the Assets and Liability Committee (ALCO), which monitors exposures to interest rate movements and ensures compliance with internal limits and risk appetite.

#### (B) Measurement approach

The group measures interest rate risk through a combination of:

- Repricing gap analysis;
- Sensitivity analysis of net interest income
- Economic value sensitivity analysis
- Stress testing of interest rate movements

Exposure limits are set for changes in earnings and economic value resulting from interest rate movements. The Group manages interest rate risk through balance sheet management, product pricing strategies and the use of interest rate derivatives where appropriate.

#### (C) Quantitative analysis

The table hereafter summarises the Group's exposure to interest rate risk based on the repricing profile of interest-bearing financial assets and liabilities. This repricing gap analysis provides an indication of the Group's exposure to interest rate changes over different time horizons.

#### (D) Sensitivity and scenario analysis

The Group undertakes scenario analysis to stress test the impact of extreme events on the Group's interest rate risk exposures. The Group model a 2% overnight parallel positive shift in the yield curve to determine the potential impact on net interest income over the next 12 months. This is a standard risk measure which assumes the parallel shift is reflected in all wholesale and customer rates.

At 31 December 2025, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

#### Group and Bank

	2025	2024
Change in revenue (net interest income)	\$'000	\$'000
+200 basis points rise (2%)	8,164	6,793
-200 basis points fall (-2%)	(8,164)	(6,793)
Change in equity		
+200 basis points rise (2%)	3,355	1,458
-200 basis points fall (-2%)	(3,355)	(1,458)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged and has been calculated on net interest revenue.

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is also affected by the increase/decrease in the fair value of derivative instruments designated as cash flow hedges, where these derivatives are deemed effective. This analysis reflects a scenario where no management actions are taken to counter movements in rates.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.2 Interest rate risk (continued)

#### (E) Regulatory and mitigation summary

The Group manages interest rate risk within approved limits through ongoing monitoring and balance sheet management strategies. Risk exposures are regulatory reviewed by ALCO and reported to the Board. Where appropriate, the Group may use interest rate derivatives to hedge exposures arising from mismatches between interest bearing assets and liabilities.

At reporting date, the Group's exposures to interest rate remained within internally approved limits.

#### Quantitative analysis

The table below show the Bank's financial instruments and its exposure to interest rate risk through the interest rate gap analysis. The values reported for the Bank do not differ materially from that of the Group.

#### Group and Bank

		2025						
		in \$'000						
31 December	Note	Floating interest rate	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>Financial assets</b>								
Cash on hand and at central bank	10	102,291	-	-	-	-	1,837	104,128
Deposits with banks and financial institutions	10	92,086	-	-	-	-	-	92,086
Intergroup placements	10	14	-	-	-	-	-	14
Derivative financial assets	22	62	-	-	-	-	-	62
Gross Loans and advances to customers	13	2,856,548	22,676	3,518	-	14,234	-	2,896,976
Investment securities	12	404,228	84,933	-	1,835	-	-	490,996
Trade receivables	11	-	704	-	-	-	-	704
Other financial assets	11	-	7,763	-	-	-	-	7,763
<b>Total financial assets</b>		<b>3,455,228</b>	<b>116,076</b>	<b>3,518</b>	<b>1,835</b>	<b>14,234</b>	<b>1,837</b>	<b>3,592,728</b>
<b>Financial liabilities</b>								
Deposits and borrowings from banks	19	2,572	-	-	-	-	-	2,572
Intergroup borrowings	19	98	-	-	-	-	-	98
Derivative financial liabilities	22	-	-	-	-	-	-	-
Customer deposits	19	792,208	1,186,337	1,337,942	1,292	-	-	3,317,779
Trade payables	18	1,347	-	-	-	-	-	1,347
Other financial liabilities	18	8,357	-	-	-	-	-	8,357
<b>Total financial liabilities</b>		<b>804,582</b>	<b>1,186,337</b>	<b>1,337,942</b>	<b>1,292</b>	<b>-</b>	<b>-</b>	<b>3,330,153</b>
Interest rate swaps held in a hedge relationship - assets / (liabilities) Notional value	22	5,000	-	-	-	-	-	5,000
<b>Interest rate gap</b>		<b>2,645,647</b>	<b>(1,070,261)</b>	<b>(1,334,424)</b>	<b>543</b>	<b>14,234</b>	<b>1,837</b>	<b>257,576</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.2 Interest rate risk (continued)

#### Group and Bank

		2024						
		in \$'000						
31 December	Note	Floating interest rate	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>Financial assets</b>								
Cash on hand and at central bank	10	29,870	-	-	-	-	2,035	31,905
Deposits with banks and financial institutions	10	76,685	-	-	-	-	-	76,685
Intergroup placements	10	349	-	-	-	-	-	349
Derivative financial assets	22	101	-	-	-	-	-	101
Gross Loans and advances to customers	13	2,696,753	42,579	3,519	-	41,244	-	2,784,095
Investment securities	12	394,906	44,677	46,156	5,247	-	-	490,986
Trade receivables	11	-	661	-	-	-	-	661
Other financial assets	11	-	6,179	-	-	-	-	6,179
<b>Total financial assets</b>		<b>3,198,664</b>	<b>94,096</b>	<b>49,675</b>	<b>5,247</b>	<b>41,244</b>	<b>2,035</b>	<b>3,390,961</b>
<b>Financial liabilities</b>								
Deposits and borrowings from banks	19	5,748	-	-	-	-	-	5,748
Intergroup borrowings	19	106	-	-	-	-	-	106
Derivative financial liabilities	22	85	-	-	-	-	-	85
Customer deposits	19	709,480	1,152,259	1,245,194	2,146	-	-	3,109,079
Trade payables	18	774	-	-	-	-	-	774
Other financial liabilities	18	14,403	-	-	-	-	-	14,403
<b>Total financial liabilities</b>		<b>730,596</b>	<b>1,152,259</b>	<b>1,245,194</b>	<b>2,146</b>	<b>-</b>	<b>-</b>	<b>3,130,195</b>
Interest rate swaps held in a hedge relationship - assets / (liabilities) Notional value	22	7,700	-	-	-	-	-	7,700
<b>Interest rate gap</b>		<b>2,460,368</b>	<b>(1,058,163)</b>	<b>(1,195,519)</b>	<b>3,101</b>	<b>41,244</b>	<b>2,035</b>	<b>253,066</b>

### 27.3 Foreign currency risk

#### (A) Risk definition and governance

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk primarily through foreign currency denominated assets and liabilities arising from treasury operations and international transactions.

Foreign currency risk is managed by Treasury under policies approved by the Board. Exposures are monitored regularly and reported to the Asset and liability Committee (ALCO) to ensure that exposures remain within approved limits.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.3 Foreign currency risk (continued)

#### (B) Measurement approach

The Group measures foreign currency risk by monitoring the net open position in each foreign currency and assessing the potential impact of exchange rate movements on profit and equity.

Risk exposures are managed through:

- Matching foreign currency assets and liabilities
- Maintaining limits on net open currency positions
- The use of foreign exchange derivatives where appropriate

The Group primarily manages exposures in major currencies such as EUR, USD, GBP and AUD.

#### (C) Quantitative analysis

The table hereafter summarises the Group's exposure to foreign currency risk at the reporting date. The net exposure represents the Groups' potential sensitivity to movements in foreign exchange rates.

#### (D) Sensitivity and scenario analysis

The Group performs stress testing on foreign exchange exposures and actively manages these exposures with hedging strategies.

The following table illustrates the estimated impact on profit before tax of a 5% strengthening or weakening of all open foreign currency positions against the AUD, assuming all other variable remains constant.

	2025	2024
	\$'000	\$'000
<b>Change in revenue (other income)</b>		
AUD weakens by 5%	3	10
AUD strengthens by 5%	(3)	(9)
<b>Change in equity</b>		
AUD weakens by 5%	3	10
AUD strengthens by 5%	(3)	(9)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and assumes a parallel movement in exchange rates.

#### (E) Regulatory and mitigation summary

The Group manages foreign currency risk within internally approved limits and in accordance with risk management policies. Treasury monitors foreign currency exposures regularly and may use derivative financial instruments such as foreign exchange swaps or forward to hedge exposures where appropriate.

At the reporting date, the Group's foreign currency exposures were within approved risk limits.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.3 Foreign currency risk (continued)

#### Quantitative analysis

The table below outlines the Groups accounts and its exposure to foreign currency risk at the reporting date.

#### Group and Bank

		2025						
		in \$'000						
Foreign currency	Note	Carrying amount	USD	GBP	EUR	AUD	Other currency	Total
<b>Assets</b>								
Cash on hand and at central bank	10	104,128	169	82	398	103,479	-	104,128
Deposits with banks and financial institutions	10	92,087	16,397	1,632	6,678	67,351	29	92,087
Intergroup placements	10	14	-	-	14	-	-	14
Derivative financial assets	22	62	-	-	-	62	-	62
Gross Loans and advances to customers	13	2,896,976	-	-	-	2,896,976	-	2,896,976
Investment securities	12	490,996	-	-	-	490,996	-	490,996
Intangibles	14	5,822	-	-	-	5,822	-	5,822
Property, plant and equipment	15	45,204	-	-	-	45,204	-	45,204
Investment property	17	12,791	-	-	-	12,791	-	12,791
Net deferred tax assets	9	5,331	-	-	-	5,331	-	5,331
Current tax receivable	9	3,689	-	-	-	3,689	-	3,689
Right of use assets	16	571	-	-	-	571	-	571
Trades receivables	11	704	-	-	-	704	-	704
Other assets	11	7,763	-	-	-	7,763	-	7,763
<b>Total financial assets</b>		<b>3,666,138</b>	<b>16,566</b>	<b>1,714</b>	<b>7,090</b>	<b>3,640,739</b>	<b>29</b>	<b>3,666,138</b>
<b>Liabilities</b>								
Deposits and borrowings from banks	19	2,572	-	-	-	2,572	-	2,572
Intergroup borrowings	19	98	-	-	-	98	-	98
Customer deposits	19	3,317,778	21,715	1,706	9,285	3,285,074	-	3,317,779
Derivative financial liabilities	22	-	-	-	-	-	-	-
Provisions	20	4,775	-	-	-	4,775	-	4,775
Lease liabilities	21	844	-	-	-	844	-	844
Trade payables and accrued expense	18	1,347	-	-	-	1,347	-	1,347
Other liabilities	18	8,357	-	-	-	8,357	-	8,357
Current tax payable	9	-	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>3,335,772</b>	<b>21,715</b>	<b>1,706</b>	<b>9,285</b>	<b>3,303,066</b>	<b>-</b>	<b>3,335,772</b>
<b>Net on balance sheet position</b>								
Effect of derivatives held for risk management	22	-	-	-	-	-	-	-
<b>Net currency position</b>		<b>330,365</b>	<b>(5,149)</b>	<b>8</b>	<b>(2,195)</b>	<b>337,673</b>	<b>29</b>	<b>330,366</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.3 Foreign currency risk (continued)

#### Quantitative analysis

The table below outlines the Groups accounts and its exposure to foreign currency risk at the reporting date.

#### Group and Bank

									2024
									in \$'000
Foreign currency	Note	Carrying amount	USD	GBP	EUR	AUD	Other currency	Total	
<b>Assets</b>									
Cash on hand and at central bank	10	31,905	216	72	356	31,261	-	31,905	
Deposits with banks and financial institutions	10	76,685	6,267	2,304	3,068	65,003	43	76,686	
Intergroup placements	10	349	296	9	44	-	-	349	
Derivative financial assets	22	101	-	-	-	101	-	101	
Gross Loans and advances to customers	13	2,784,094	-	-	-	2,784,094	-	2,784,094	
Investment securities	12	490,986	-	-	-	490,986	-	490,986	
Intangibles	14	9,165	-	-	-	9,165	-	9,165	
Property, plant and equipment	15	49,894	-	-	-	49,894	-	49,894	
Investment property	17	10,695	-	-	-	10,695	-	10,695	
Net deferred tax assets	9	4,102	-	-	-	4,102	-	4,102	
Current tax receivable	9	3,987	-	-	-	3,987	-	3,987	
Right of use assets	16	2,210	-	-	-	2,210	-	2,210	
Trades receivables	11	661	-	-	-	661	-	661	
Other assets	11	6,179	-	-	-	6,179	-	6,179	
<b>Total financial assets</b>		<b>3,471,014</b>	<b>6,779</b>	<b>2,385</b>	<b>3,468</b>	<b>3,458,339</b>	<b>43</b>	<b>3,471,014</b>	
<b>Liabilities</b>									
Deposits and borrowings from banks	19	5,748	-	-	-	5,748	-	5,748	
Intergroup borrowings	19	106	-	-	-	106	-	106	
Customer deposits	19	3,109,079	22,038	2,069	12,955	3,072,017	-	3,109,079	
Derivative financial liabilities	22	85	-	-	-	85	-	85	
Provisions	20	4,045	-	-	-	4,045	-	4,045	
Lease liabilities	21	2,619	-	-	-	2,619	-	2,619	
Trade payables and accrued expense	18	774	-	-	-	774	-	774	
Other liabilities	18	14,403	-	-	-	14,403	-	14,403	
Current tax payable	9	-	-	-	-	-	-	-	
<b>Total financial liabilities</b>		<b>3,136,859</b>	<b>22,038</b>	<b>2,069</b>	<b>12,955</b>	<b>3,099,797</b>	<b>-</b>	<b>3,136,859</b>	
<b>Net on-balance sheet position</b>									
Effect of derivatives held for risk management	22	-	-	-	-	-	-	-	
<b>Net currency position</b>		<b>334,155</b>	<b>(15,259)</b>	<b>316</b>	<b>(9,487)</b>	<b>358,542</b>	<b>43</b>	<b>334,155</b>	

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.4 Liquidity risk

#### (A) Liquidity risk and governance

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Group manages liquidity risk to ensure that sufficient liquid assets are available to meet operational funding requirements, deposits withdrawals and lending commitments under both normal and stressed conditions.

Liquidity risk management is overseen by the Board and the Asset and Liability Committee (ALCO). Management monitors liquidity levels on a daily basis and ensures compliance with internal liquidity limits and prudential standards issued by the Australian Prudential Regulations Authority (APRA).

#### (B) Measurement approach

The Group manages liquidity risk through a range of monitoring and measurement techniques, including:

- Contractual maturity analysis of financial liabilities
- Stress testing and scenario analysis
- Maintaining a portfolio of high-quality liquid assets (HQLA), with a Minimum Liquidity Holdings (MLH) approach

Funding is primarily sourced from customers deposits, supplemented by access to committed funding facilities where required.

#### (C) Quantitative analysis

As an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA), the Group is 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.

The liquidity ratio as at the reporting date is provided below:

Liquidity ratio	2025	2024
Minimum Liquidity Holdings ratio	16.08%	17.30%

#### (D) Sensitivity and scenario analysis

The Group conducts regular liquidity stress testing to assess the impact of adverse scenarios on its liquidity position.

Stress scenarios considered include:

- Significant deposits outflows;
- Increased loan drawdowns; and
- Macroeconomic stress events.

Under a severe but plausible stress scenario involving elevated deposits withdrawals the Groups liquidity position remains supported by its portfolio of high-quality liquid assets and available funding facilities.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.4 Liquidity risk (continued)

#### (E) Regulatory and mitigation summary

The Group maintains liquidity ratios in excess of regulatory requirements set by APRA.

Key regulatory liquidity measures include:

- Minimum liquidity holdings (MLH) under Prudential Standard APS 210.

The group maintains a diversified funding base primarily consisting of retail deposits supported by committed liquidity facilities. Internal liquidity limits and contingency funding plans are in place to manage potential liquidity stress events.

At reporting date, the Group complied with all externally imposed liquidity requirements.

#### Quantitative analysis

The table below outlines the Groups financial assets and liabilities by their contractual maturity dates, showing net gaps across time buckets.

#### Group and Bank

2025									
in \$'000									
Total contractual cashflows									
Financial assets	Note	Carrying amount	At call	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	No maturity	Total
Cash on hand and at central bank	10	104,128	104,128	-	-	-	-	-	104,128
Deposits with banks and financial institutions	10	92,086	29,719	-	-	-	-	62,367	92,086
Intergroup placements	10	14	14	-	-	-	-	-	14
Derivative financial assets	22	62	-	62	-	-	-	-	62
Gross Loans and advances to customers	13	2,896,976	-	31,636	26,987	70,204	2,768,149	-	2,896,976
Investment securities	12	490,996	-	113,634	107,433	269,929	-	-	490,996
Trade receivables	11	704	-	704	-	-	-	-	704
Other financial assets	11	7,763	-	7,763	-	-	-	-	7,763
<b>Total financial assets</b>		<b>3,592,729</b>	<b>133,861</b>	<b>153,799</b>	<b>134,420</b>	<b>340,133</b>	<b>2,768,149</b>	<b>62,367</b>	<b>3,592,729</b>
<b>Financial liabilities</b>									
Deposits and borrowings from banks	19	2,572	2,572	-	-	-	-	-	2,572
Intergroup borrowings	19	98	98	-	-	-	-	-	98
Derivative financial liabilities	22	-	-	-	-	-	-	-	-
Customer deposits	19	3,317,778	792,207	1,186,336	1,337,942	1,293	-	-	3,317,778
Trade payables	18	1,347	-	1,347	-	-	-	-	1,347
Other financial liabilities	18	8,357	-	8,357	-	-	-	-	8,357
<b>Total financial liabilities - on balance sheet</b>		<b>3,330,152</b>	<b>794,877</b>	<b>1,196,040</b>	<b>1,337,942</b>	<b>1,293</b>	<b>-</b>	<b>-</b>	<b>3,330,152</b>
<b>Liquidity surplus / (shortfall)</b>		<b>262,577</b>	<b>(661,016)</b>	<b>(1,042,241)</b>	<b>(1,203,522)</b>	<b>338,840</b>	<b>2,768,149</b>	<b>62,367</b>	<b>262,577</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.4 Liquidity risk (continued)

#### Quantitative analysis

The table below outlines the Groups financial assets and liabilities by their contractual maturity dates, showing net gaps across time buckets.

#### Group and Bank

		2024							
		in \$'000							
		Total contractual cashflows							
Financial assets	Note	Carrying amount	At call	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	No maturity	Total
Cash on hand and at central bank	10	31,905	31,905	-	-	-	-	-	31,905
Deposits with banks and financial institutions	10	76,685	76,685	-	-	-	-	-	76,685
Intergroup placements	10	349	349	-	-	-	-	-	349
Derivative assets	22	101	-	101	-	-	-	-	101
Gross Loans and advances to customers	13	2,784,095	-	53,680	51,628	119,978	2,558,809	-	2,784,095
Investment securities	12	490,986	-	63,816	106,449	318,699	2,022	-	490,986
Trade receivables	11	661	-	661	-	-	-	-	661
Other financial assets	11	6,179	-	6,179	-	-	-	-	6,179
<b>Total financial assets</b>		<b>3,390,961</b>	<b>108,939</b>	<b>124,437</b>	<b>158,077</b>	<b>438,677</b>	<b>2,560,831</b>	<b>-</b>	<b>3,390,961</b>
<b>Financial liabilities</b>									
Deposits and borrowings from banks	19	5,748	5,748	-	-	-	-	-	5,748
Intergroup borrowings	19	106	106	-	-	-	-	-	106
Derivative financial liabilities	22	85	-	85	-	-	-	-	85
Customer deposits	19	3,109,079	709,481	1,152,258	1,245,194	2,146	-	-	3,109,079
Trade payables	18	774	-	774	-	-	-	-	774
Other financial liabilities	18	14,403	-	14,403	-	-	-	-	14,403
<b>Total financial liabilities - on balance sheet</b>		<b>3,130,195</b>	<b>715,335</b>	<b>1,167,520</b>	<b>1,245,194</b>	<b>2,146</b>	<b>-</b>	<b>-</b>	<b>3,130,195</b>
<b>Liquidity surplus / (shortfall)</b>		<b>260,766</b>	<b>(606,395)</b>	<b>(1,043,083)</b>	<b>(1,087,117)</b>	<b>436,531</b>	<b>2,560,831</b>	<b>-</b>	<b>260,766</b>

### 27.5 Capital risk

#### (A) Risk definition and governance

Capital risk is the risk that the Group does not maintain sufficient capital to support its operations, absorb unexpected losses and meet regulatory capital requirements.

The Group manages capital to ensure compliance with prudential standards issued by the Australian Prudential Regulation Authority (APRA), maintain depositor confidence, and support sustainable growth. Capital management is overseen by the Board and monitored through the Board Risk Committee. Management regularly reports on capital adequacy, capital forecast and compliance with regulatory requirements.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.5 Capital risk (continued)

#### (B) Measurement approach

As an Authorised Deposit-taking Institution, and as defined in APS 110: Capital Adequacy (and other capital related prudential standards), the Bank must maintain a level and quality of capital commensurate with the type, amount and concentration of risks to which it is exposed through its activities. The Group monitors capital adequacy using regulatory capital ratios calculated in accordance with APRA prudential standards aligned with the Basel III Framework.

Key measures used to assess capital strength include:

- Common Equity Tier 1 (CET1) ratio;
- Tier 2 capital ratio; and
- Total capital ratio.

These ratios are calculated as a percentage of risk-weighted assets (RWA). Capital adequacy is monitored continuously and projected under both normal operating conditions and stressed scenarios.

#### (C) Quantitative Analysis

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 Ratio	Regulatory minimum 2025	Regulatory minimum 2024
Total prudential capital (Tier 1 + Tier 2) ratio	8%	8%

The Group's capital position at the reporting date is as follows:

#### Group and Bank

	31 December 2025	31 December 2024
	\$'000	\$'000
Common Equity Tier 1 (CET1)	315,506	318,139
Tier 2 Capital	8,733	7,586
<b>Total prudential capital</b>	<b>324,239</b>	<b>325,725</b>
Risk weighted assets	1,662,800	1,568,434
<b>Capital adequacy ratio</b>		
<b>Total prudential capital as % of risk weighted assets</b>	<b>19.50%</b>	<b>20.77%</b>

The Group maintained capital levels above the minimum total prudential capital requirements throughout the reporting period.

#### (D) Sensitivity and scenario analysis

The Group performs regular capital stress testing as part of its internal capital adequacy assessment process to assess the potential impact of adverse economic conditions on capital adequacy.

Stress scenarios include a macroeconomic downturns scenario, being:

- Increase in loan impairment losses across the loan portfolio due to credit quality reduction (calculated through expected credit loss model);
- Increase in risk-weighted assets due to deterioration in credit risk; and
- Reduction in profitability resulting as a result of lower lending volumes and higher funding costs.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### 27.5 Capital risk (continued)

The estimated impact of this stress scenario on regulatory capital ratio is shown below:

Bank and Group	Regulatory minimum 2025	2025 Stressed scenario	2024 Stressed scenario
Total prudential capital as % of risk weighted assets	8.00%	16.90%	16.07%

Under this stress scenario, the Group's capital ratios remain above the minimum regulatory capital requirements, demonstrating the resilience of the Group's capital position.

### (E) Regulatory and mitigation summary

The Group maintains internal capital targets above APRA minimum requirements to provide an appropriate buffer against unexpected losses.

At reporting date, the Group complied with all externally imposed capital requirements and continues to monitor its capital position to ensure ongoing compliance with regulatory obligations.

## Note 28 | Fair value of financial asset and liabilities

### (A) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical instruments.
- **Level 2:** Valuation techniques for which all significant inputs are based on observable market data.
- **Level 3:** Valuation techniques for which all significant inputs are not based on observable market data.

When applicable, the fair value of an instrument is calculated using the quoted price in an active market for that instrument. A market is regarded as active if all transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments, fair values are determined using other techniques.

If the input used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2025 there were no transfers between levels (2024: None).

### (B) Methodologies and assumptions

Fair values have been determined for measurement and/or disclosure purposes based on the following methodologies and assumptions.

#### Financial instruments carried at fair value

- **Derivatives:** For interest rate swaps – the present value of the estimated future cash flows based on observable yield curves. The cash flow hedge derivatives are considered level 2 under the fair value measurement hierarchy.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 28 | Fair value of financial asset and liabilities (continued)

#### Financial instruments carried at amortised cost

- **Cash and cash equivalents, trade receivables and other assets, trade payables and other liabilities:** With the exception of Prepayments and Trail commissions payable these are measured at amortised cost and maturing within 12 months. The carrying value approximates their fair value as they are short term in nature and therefore considered level 1 under the fair value hierarchy.
- **Investment securities:** The fair value of investments at amortised cost was calculated using the effective interest rate method. The amortised cost carrying value approximates fair value and they are considered level 2 under the fair value measurement hierarchy.
- **Loans and advances:** The carrying value of loans, advances and other receivables is net of specific provisions for impairment. These are carried at amortised cost. They are considered level 3 under the fair value measurement hierarchy.
- **Deposits:** These are carried at amortised cost and the amortised cost carrying value approximates fair value. Given the nature, the liabilities are determined to be a level 2 under the fair value hierarchy.

#### (C) Fair value analysis

The following tables reflect the carrying amount and fair value of financial assets and financial liabilities measured at fair value under AASB 9 Financial Instruments, including their levels in the fair value hierarchy.

#### Group and Bank

Group and Bank	Fair value hierarchy	Financial instruments measured at	Note	2025	2025	2024	2024
				\$'000	\$'000	\$'000	\$'000
				Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>							
Investments at amortised cost	Level 2	Amortised cost	12	490,966	494,116	490,986	494,178
Loans and advances	Level 3	Amortised cost	13	2,896,976	2,896,576	2,784,094	2,783,416
Derivative financial assets	Level 2	FVOCI	22	62	62	101	101
<b>Liabilities</b>							
Deposits	Level 2	Amortised cost	19	3,317,779	3,317,053	3,109,079	3,109,194
Derivative financial liabilities	Level 2	FVOCI	22	-	-	85	85

### Note 29 | Securitisation

Details of the Group's securitisation trusts at the end of the reporting period are as follows:

Entity Registered name	Principal activity	Place of incorporation and operation	Proportion of ownership interest by the Group	Tax residency	
				Australian or foreign	Foreign jurisdiction
BHB Residential Securities Trust 1	Contingent Liquidity Reserve Facility - Internal Securitisation	Australia	100%	Australian or foreign	N/A

#### Internal securitisation

In 2013, the Bank packaged equitable interests in residential mortgage-backed mortgage loans and transferred to the Trust, which issued securities backed by the same loans and sold back to the Bank. The Bank retained risks and rewards of the subject loans as being the sole unit holder and beneficiary of the Trust in this "internal securitisation" program. The purpose of setting up the Trust was to provide a contingency liquidity reserve facility to meet any future liquidity crisis that the Bank may face due to either internal or external factors.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 29 | Securitisation (continued)

On 22 November 2025, the Bank carried out a "top-up" of the Trust in order to meet Securitisation contingency funding requirements, which includes buying back of Class A Notes previously issued in 2024. This resulted in Class A being reissued with a carrying amount of \$693.5m, after a redemption of the notes of value \$626.5m. Class B reissued with carrying amount of \$68.6m, after a redemption of \$91.0m. Class A Notes qualify as eligible securities for repurchase with the Reserve Bank of Australia. No further top-ups were performed during the financial year ended 31 December 2025.

As the Bank owns 100% of the issued units in the Trust and has control over the Trust as defined in AASB 10 Consolidated Financial Statements, the Trust will be accounted for as the Bank's 100% owned subsidiary.

Where relevant, credit risk, market risk and liquidity risk arising from internal securitisation transactions are captured and monitored in the Group's normal risk management framework and processes. The table below presents assets securitised by the Group:

	2025	2024
	\$'000	\$'000
Residential mortgage	726,512	804,382
Cash and accrued income	62,365	53,676
<b>Total</b>	<b>788,877</b>	<b>858,057</b>

Cash and accrued income are held by the asset securitisation vehicle, which have not yet been distributed to the note holders.

### Note 30 | Related party transactions

#### (A) Key Management Personnel

Key Management Personnel (KMP) are defined as persons having material authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director, Senior Executive or otherwise of the Group. The Directors and other Key Management Personnel of the Group during or since the end of the financial year were:

#### Group and Bank

Non-executive director	Position	Movement
<b>Mr Nikolas T Hatzistergos</b>	Chair, non-executive director	Appointed 28 August 2006 Chairman since 26 August 2025
<b>Mr Gregory Gavrielidis</b>	Non-executive director	Appointed 31 March 2005
<b>Mr Fouad Chaker</b>	Non-executive director	Appointed 28 February 2011
<b>Mr Ben Edney</b>	Non-executive director	Appointed 15 March 2017
<b>Mr Roger Dagher</b>	Non-executive director	Appointed 7 July 2016
<b>Mr Sarkis Nassif</b>	Non-executive director	Appointed 15 May 2020
<b>Mr Dunstan de Souza</b>	Non-executive director	Appointed 1 October 2025
<b>Mrs Diane Khoury</b>	Non-executive director	Appointed 1 October 2025
<b>The Hon. Kristina Keneally</b>	Non-executive director	Appointed 1 October 2025
<b>Mr Nicholas Pappas AM</b>	Chair, non-executive director	Appointed 26 March 2001 Resigned 26 August 2025
<b>The Hon. Steve Bracks AC</b>	Non-executive director	Appointed 18 May 2011 Resigned 1 May 2025

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 30 | Related party transactions (continued)

#### Group and Bank

Executive officers	Position	Movement
Mr Kieran McKenna	Acting Chief Executive Officer Chief Risk Officer	Chief Risk Officer and then Acting Chief Executive Officer from 3 November 2025
Ms Stella Grilis	Acting Chief Financial Officer	Acting Chief Financial Officer from 17 November 2025
Mr Michael McKenzie	Acting Chief Risk Officer	Acting Chief Risk Officer from 24 November 2025
Mr Melos Sulichich	Chief Executive Officer	Appointed 15 May 2023 Notification of resignation 26 October 2025 End Date 26 April 2026
Mr Victor Andersson	Chief Financial Officer	Appointed 18 February 2019 Resigned 16 November 2025

#### (B) Remuneration of directors and key management personnel

Remuneration compensation was as follows:

#### Group and Bank

	2025			2024		
	Directors	Other KMP	Total	Directors	Other KMP	Total
As at 31 December	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short term benefits	831	1,434	2,265	844	1,321	2,165
Post employment benefits	98	188	286	91	154	245
Other long-term benefits	-	-	-	-	-	-
Shared based payments	-	-	-	-	-	-
Termination benefit	-	-	-	-	-	-
<b>Total remuneration of Directors and Key Management Personnel</b>	<b>929</b>	<b>1,622</b>	<b>2,551</b>	<b>935</b>	<b>1,475</b>	<b>2,410</b>

Short term benefits are salaries and wages, paid annual leave and sick leave, bonuses and the value of fringe benefits received. Post-employment benefits are payments to defined contribution superannuation plans. Other long-term benefits are the net increase in the long service leave provision. The Group does not have any share-based payments plans. All remuneration to directors is approved by the Board Remuneration and Nominations Committee.

#### (C) Loans to Directors and Key Management Personnel

The Group has provided several key management personnel with loans at rates comparable to the average commercial rate of interest. The loans to key management personnel are secured. All loans disbursed were approved in accordance with standard lending policies for each class of loan.

No benefits or concessional terms and conditions are applicable to connected parties (e.g. close family members) of key management personnel. No loans to directors, other key management personnel, or their close family relatives are impaired.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 30 | Related party transactions (continued)

The following table outlines aggregate amounts in respect of loans made to key management personnel of the Group:

Group and Bank	2025			2024		
	\$'000			\$'000		
As at 31 December	Directors	Other KMP	Total	Directors	Other KMP	Total
Loans & Advances	2,270	1,066	3,335	17,825	-	17,825
<b>Total loans with Directors and Key Management Personnel</b>	<b>2,270</b>	<b>1,066</b>	<b>3,335</b>	<b>17,825</b>	<b>-</b>	<b>17,825</b>

### (D) Other transactions to Directors and Key Management Personnel

Other transactions with key management personnel include deposits and interest paid on deposits. The Group's policy for receiving deposits from key management personnel is that all transactions are approved, and deposits accepted on the same terms and conditions which apply to customers for each type of deposit. The total value of these transactions was as follows:

Group and Bank	2025			2024		
	\$'000			\$'000		
As at 31 December	Directors	Other KMP	Total	Directors	Other KMP	Total
Deposits	9,366	229	9,596	6,683	22	6,705
<b>Total other transactions to Directors and Key Management Personnel</b>	<b>9,366</b>	<b>229</b>	<b>9,596</b>	<b>6,683</b>	<b>22</b>	<b>6,705</b>

### (E) Related party transactions with the ultimate parent entity

The ultimate parent entity of the Group is Bank of Beirut s.a.l, a company incorporated in Lebanon. The ultimate parent entity also has entities located in the United Kingdom, Oman, Cyprus and other countries. Exposure with related parties was \$0.1 million (2024: \$0.1 million).

### (F) Terms and conditions

All dealings and transaction with related parties are conducted under arm's length principle. All transactions were made on normal commercial terms and conditions and at market rates.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 31 | Remuneration of auditor

#### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Audit services</b>		
Audit of financial statements - Group and controlled entities	264	266
<b>Total remuneration for audit, review and assurance services</b>	<b>264</b>	<b>266</b>
<b>Assurance services</b>		
Other statutory assurance services	114	126
<b>Total remuneration for assurance services</b>	<b>114</b>	<b>126</b>
<b>Other non-audit services</b>		
Taxation services	40	41
Other services	9	-
Total remuneration for other non-audit services	49	41
<b>Total remuneration of audit, assurance, and other services</b>	<b>427</b>	<b>433</b>

The auditor of the Group is Deloitte Touche Tohmatsu. The total balance above include GST.

The Board Audit Committee has considered the non-audit services provided by the auditor and is satisfied that the services and the level of fees are compatible with maintaining auditors' independence. All such services were approved in accordance with pre-approved policies and procedures.

Other statutory assurance services relate to engagements required under prudential standards and other legislative or regulatory requirements.

Other non-audit services consist of tax compliance and agreed-upon procedures.

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 32 | Commitments and contingencies

The following material commitments and contingencies are reported as at 31 December. The Directors are not aware of any other material commitments or contingencies that require reporting.

#### (A) Outstanding credit related instruments

In addition to the on-balance sheet credit exposure there are approved but undrawn loans and credit limits. These comprise loan re-draws and credit lines, and overdraft facilities. The commitments are tabled below:

##### Group and Bank

	2025	2024
	\$'000	\$'000
<b>Credit related instruments</b>		
Loans approved not settled	69,421	42,157
Undrawn credit limits and redraw	281,863	257,755
Bank guarantees	10,585	8,270
Trade finance contingencies	1,032	36,855
<b>Total</b>	<b>362,901</b>	<b>345,037</b>

#### (B) Outstanding licensing commitments

Contractual commitments for software licences at the end of the reporting period are tabled below:

##### Group and Bank

	2025	2024
<b>As at 31 December</b>	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	1,917	-
2 to 5 years	8,178	8,067
Greater than 5 years	6,519	8,547
<b>Total outstanding licensing commitments</b>	<b>16,614</b>	<b>16,614</b>

#### (C) Lease commitments

Contractual commitments for lease of branches at the end of the reporting period are:

##### Group and Bank

	2025	2024
<b>As at 31 December</b>	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	455	1,072
2 to 5 years	116	1,137
Greater than 5 years	-	-
<b>Total outstanding lease liability commitments</b>	<b>571</b>	<b>2,209</b>

## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 33 | Notes to the statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and short term deposits at call. Cash as at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

#### Reconciliation of cash

	Group		Bank	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<b>Cash and cash equivalents</b>				
<b>Reconciliation of profit from ordinary activities after income tax to net cash used in operating activities</b>				
Profit from ordinary activities after income tax	(4,809)	1,360	(4,809)	1,360
Add: non-cash items				
Depreciation and amortisation of non-current assets	6,384	6,648	6,384	6,648
Increase / (decrease) in specific provision	-	-	-	-
Increase / (decrease) in ECL	931	621	931	621
Increase in provision for employee entitlement	948	36	948	36
Decrease in tax provision	(2,614)	(563)	(2,614)	(563)
Increase / (decrease) in accrued expenses	398	7,563	398	7,017
Lease Modifications	563	-	563	-
Loss on impairment of intangibles	1,723	2,160	1,723	2,160
Operational losses	213	-	213	-
Increase in derivative financial instruments	41	(937)	41	(937)
<b>Total non-cash items</b>	<b>8,587</b>	<b>15,528</b>	<b>8,587</b>	<b>14,982</b>
<b>(Increase) / decrease in assets and increases / (decreases) in liabilities</b>				
Loans and advances	(111,690)	(464,591)	(111,690)	(464,591)
Derivative assets	39	1,586	39	1,586
Securitisation	-	-	(8,706)	(16,644)
Other assets	(1,626)	(2,405)	(1,626)	2,302
Deposits	205,516	534,631	205,514	532,327
Derivative liabilities	85	-	85	-
Other liabilities	(5,311)	(598)	(5,311)	(26)
<b>Total Changes in Working Capital</b>	<b>87,013</b>	<b>68,623</b>	<b>78,305</b>	<b>54,954</b>
<b>Net cash used in operating activities</b>	<b>90,791</b>	<b>85,511</b>	<b>82,083</b>	<b>71,296</b>

### Note 34 | Contingent liabilities

#### (A) Contingencies

As at 31 December 2025, the Group has no material contingent liabilities or assets which need to be disclosed (2024: Nil).

#### (B) Legal disputes and claims

There are no current disputes or claims made against the Group (2024: Nil).

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## Notes to and forming part of the financial statements For the financial year ended December 2025 (continued)

### Note 35 | Financial reporting by segments

The Group has one major business and operating segment being general banking services. The principal activities of the Group are confined to the raising of funds and the provision of finance and general banking services for housing, consumer lending and business banking. For the purpose of performance evaluation, risk management and resource allocation, the decisions are based predominantly on the key performance indicators at the Group level.

The Group operates in one geographical segment which is the Commonwealth of Australia. There are no material identifiable segments to report. No single customer contributes revenue greater than 10% of the Group's revenues.

### Note 36 | Subsequent events occurring after the reporting date

Subsequent to year-end, interest rates increased, which may impact borrower repayment capacity. No adjustment has been made to the financial statements. The Bank implemented a new core banking system to replace its legacy platform. The transition was completed in April 2026 and forms part of the Bank's broader digital transformation strategy.

Other than the above, no matter or circumstance has arisen subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### Note 37 | Entity details

The registered office of the Group is Level 1, 62 Pitt Street, Sydney, 2000, New South Wales.  
Australian Business Number (ABN) 44 093 488 629.

### Note 38 | Authorisation of financial statements

The financial report for the year ended 31 December 2025 was authorised for issue in accordance with a resolution of the Directors on 30 April 2026.

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## Consolidated entity disclosure statement

### For the financial year ended 31 December 2025

The table below includes consolidated entity information required by section 295 of the Corporations Act 2001 (Cth):

Entity registered name	Entity type	Place formed or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
<b>Bank of Sydney limited</b>	Body Corporate	Australia	100%	Australian	N/A
<b>BHB Residential Securities Trust 1</b>	Trust	Australia	100%	Australian	N/A

There are no partnerships or joint ventures within the consolidated entity. Furthermore, none of the above entities was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

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## Directors Declaration

### For the financial year ended 31 December 2025

The directors declare that:

- A) In the directors' opinion, there are reasonable grounds to believe that Bank of Sydney Limited and its Controlled Entities will be able to pay its debts as and when they become due and payable;
- B) In the directors' opinion, the attached financial statements for the are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- C) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of Bank of Sydney Limited and its Controlled Entities' financial position and performance;
- D) The directors have been given the declarations required by s.295A of the Corporation Act 2001; and
- E) In the directors' opinion, the attached Consolidated Entity Disclosure Statement is true and correct.

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

On behalf of the directors,



**Nikolas Hatzistergos**  
Chairman  
Sydney, 30 April 2026



**Dunstan de Souza**  
Independent Non-Executive Director  
Sydney, 30 April 2026

## Independent Auditor's Report to the Members of Bank of Sydney Limited

### *Opinion*

We have audited the financial reports of Bank of Sydney Limited (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's statements of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the Consolidated Entity Disclosure Statement and the directors' declaration.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group and the Company's financial position as at 31 December 2025 and of their financial performance for the year then ended; and
- 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 Reports* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (the Code) that are relevant to audits of the financial reports of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group and Company's annual report, including Director's report for the year ended 31 December 2025, but does not include the financial reports and our auditor's report thereon.

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

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based

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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 Reports*

The directors are responsible:

- For the preparation of the financial reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and the Company in accordance with Australian Accounting Standards and
- For such internal control as the directors determine is necessary to enable the preparation of the financial reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and the Company, and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, 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 the Company or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Reports*

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 the financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*TBMason*

Tom Bottomley-Mason  
Partner  
Chartered Accountants

Sydney, 30 April 2026

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**Disclaimer:**

This report contains certain forward looking statements, including statements regarding Bank of Sydney's intentions, beliefs, expectations, plans, strategies, priorities and anticipated future performance, outcomes or events.

Forward looking statements are based on management's current expectations, assumptions and beliefs and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or outcomes to differ materially from those expressed or implied.

These factors include, but are not limited to, changes in economic conditions, interest rates, regulatory requirements, capital and liquidity requirements, technology implementation risks, operational risks, and other risks inherent in the banking industry.

Forward looking statements speak only as at the date of this report. The Bank does not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.



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