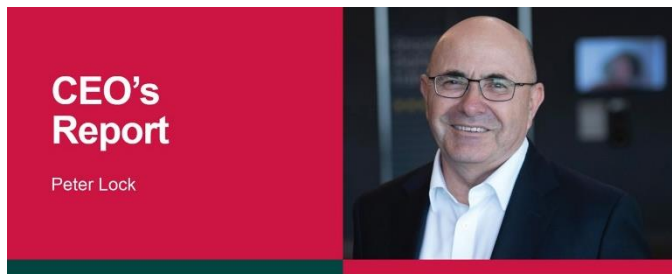


**HERITAGE AND PEOPLE'S CHOICE  
2023 ANNUAL GENERAL MEETING  
CEO's ADDRESS**



Thank you, Michael, and good afternoon everyone.

Heritage and People's Choice is now defined by the Australian Prudential Regulatory Authority as a significant financial institution.



**A significant financial institution**



730,000 members and growing quickly



2,000 employees – all member-focused



National presence and profile



We have more than 730,000 members, 2,000 employees and over \$23 billion in assets.

More than that, we're Australia's leading mutual, created by the merger of two great mutuals, with a history dating back almost 150 years.

We have always existed for our members. And we always will.

That truth will be reflected in our new brand.

Importantly and regardless of what we call ourselves – we will remain 100% member owned and committed to members.

The big banks – which are still much bigger than us – are on a mission for ever greater profits, but we are driven by our purpose, to deliver positive change through banking.

That means more than providing excellent banking services. It means standing up for our members, strongly supporting our communities and the environment, and creating an outstanding working environment for our people.

As Michael explained so well, we have had a very positive year financially with strong growth on all fronts.

**CEO's Report**

Peter Lock CEO 

### Building on solid foundations

-  Loan book in very good condition
-  Reduction in provision for impaired loans
-  Secure funding sources
-  Capital and liquidity positions well buffered

Heritage Bank  
Rajya, FSC  
People's Choice  
Banking for life

I'm happy to report that our foundations as Australia's leading mutual are also in excellent condition.

Despite a year of rising interest rates, our loan book is in very good condition with our provision for impaired loans – those which may not be fully repaid – remaining steady at 0.13%.

While we acknowledge that rising interest rates will place pressure on some members, we are yet to see this transforming into an increase in hardship requests or increased loan defaults. Both brands have strong, conservatively weighted and geographically spread loan books, with 87% of home loans ahead on scheduled repayments.

Our net interest income for the year totalled \$319 million, with us constantly maintaining a fair balance between deposit and lending rates.

Our funding base for loans remains extremely healthy. Our high-quality retail deposits account for 83% of our funding requirements, reflecting the spread of our branch footprint, the scale of our membership and the access to competitive digital at call accounts.

While outside of the reporting period, we added to our available funds in September by raising \$1 billion in our first capital market transaction for the new entity, which was well over-subscribed. This demonstrates the market's strong belief in our organisation and our continued strong long-term external rating of Baa1 by Moody's and BBB by Standard & Poors.

Across the merger period we also retained above average liquidity of 16.27%. Our capital position remains well above prudential minimums at 14.5% at year end, and was further boosted by the capital transaction I just referred to.

While we need to keep a tight rein on our costs, particularly related to integration expenses, we have a very healthy balance sheet which supports our plans for future growth.

But our successes – as a customer-owned and truly customer-focused organisation – extend far beyond those financial metrics.

**CEO's Report**

Peter Lock CEO 

### Providing even more for members

- Dedicated Member Advocacy team
- Additional support for members experiencing vulnerability
- Scams Hotline for immediate help
- Greater security with upgraded fraud detection



During the reporting period, we worked hard to deliver more for our members, to strengthen our systems, and ensure members are at the heart of all decisions.

This included establishing a dedicated Member Advocacy team, which is driving exceptional member outcomes through four areas:

- Creating targeted services and products
- Continually enhancing our complaints processes
- Identifying and resolving reoccurring issues, and
- Elevating the voice of our members.

We also introduced or improved processes to better protect all members, particularly those experiencing vulnerability, such as mental impairment, domestic violence or language difficulties.

All member-facing staff received training to identify and help in such cases. We established centralised Care Hubs and developed new procedures to provide interpreters, to improve support for minors who are wards of the state and require a bank account, and to enhance our processes regarding Powers of Attorney.

During the year more than 700 members experiencing vulnerability were recognised and helped.

As we all know, scams and fraud are a deepening issue, so during the financial year we established a Scams Hotline in our two contact centres to provide immediate assistance for members who believe they are being scammed.

Further, we've invested in upgrading our fraud detection software, improved member communication relating to scams, strengthened anti-scam awareness among employees, and started a full review of our scam and fraud prevention systems.

Our merger commitment to provide around-the-clock customer care is close to reality, as we anticipate having a 24/7 contact centre available to all members next year.

While we provide the secure, first-class digital banking that our members expect, we also acknowledge that this is not for everyone. So we'll maintain an appropriately-sized branch network that evolves to meet members' changing needs. We'll also continue to offer cash – through our full-service branches and ATMs.

If we make the difficult decision to close a branch due to declining and changing member use – as we have recently at Booval and the University of Southern Queensland – we will support members through the alternatives available to them.

**CEO's Report** Peter Lock CEO 

**Greater assistance for communities**



- \$11 million total community support
- Foundation provided \$100,000 for 20 organisations
- Community Lottery generated \$1 million for 720 not-for-profits



Member-owned banks have a long history of supporting their communities and we have certainly built on that.

We provided more than \$11 million in community support over the financial year. This was generated through the People's Choice Community Lottery, Heritage Bank Charitable Foundation, donations, sponsorships, scholarships, employee volunteering, workplace giving and the economic impact of our Community Branches.

This year the Foundation supported its largest number of charities ever, with 20 organisations receiving over \$100,000 in financial assistance.

The Community Lottery offered \$300,000 in prizes and generated more than \$1 million for 720 not-for profit organisations including community sporting clubs, schools and charities.

Our seven Heritage Community Branches continued to provide outstanding support to their regions, injecting almost \$8 million into their local economies in 2022/23.

While we became a new organisation during the year, we maintained our extensive program of sponsorships.

During 2022/23, we gained naming rights for Heritage Bank Stadium on Queensland's Gold Coast, the home of the Gold Coast Suns AFL team. Through our People's Choice brand, we continued our longstanding sponsorship of the Western Bulldogs AFL team as well as the Adelaide Strikers men's and women's teams in the national Big Bash cricket league.

These sponsorships help build our national profile and attract new members, but they also deliver genuine community benefit through a range of associated activities, which assist thousands of people at a grassroots level... driving sporting participation, improving access to facilities and delivering finance-related education.

At Heritage and People's Choice, we are committed to reconciliation and having strong relationships with First Nations employees, members and communities.

Before the merger, People's Choice launched its inaugural Reconciliation Action Plan. During the year we have been delivering the actions promised in that document, including sessions during NAIDOC Week which were attended by more than 800 employees.

At the same time, we have embarked on creating a new RAP which will build on our existing knowledge and experiences while representing our new, merged organisation.

**CEO's Report** Peter Lock CEO 

### Increased environmental efforts

- Certified carbon neutral
- Hybrid fleet cutting emissions
- Green Loans proving popular



Environmentally, we have a genuine commitment to taking meaningful action and this was clearly demonstrated across the year.

Both Heritage Bank and People's Choice were certified carbon neutral for the 12 months by the Federal Government's Climate Active partnership.

We further reduced our carbon footprint, and are developing strategies to lower it further, while fully offsetting our current carbon footprint through carbon credits from approved Australian regeneration projects.

Among the highlights of the year:

- Our move towards a fully hybrid car fleet accelerated with the introduction of 27 Toyota RAV4 hybrids to bring the total to 40.
- With our increased use of green power, our joint head office buildings in Toowoomba and Adelaide received 6-star energy ratings from independent industry accreditors.
- Our Green Car Loans, available through People's Choice, grew in popularity with 328 members enjoying a discounted interest rate to buy a hybrid or electric vehicle.
- And Heritage Bank members started to receive debit and credit cards made from plants, not plastic, which harmlessly break down in landfill.

**Fostering a strong employee culture**

- Shine recognition program embraced
- Excellent participation in staff survey
- 65,000 hours of learning
- Focus on wellbeing



Everything that Michael and I have talked about so far could not have happened without the passion, skill and dedication of our people.

As we build our new organisation, we continue to invest in developing an engaged, skilled and adaptable workforce while recognising their achievements, supporting their growth and maintaining their safety.

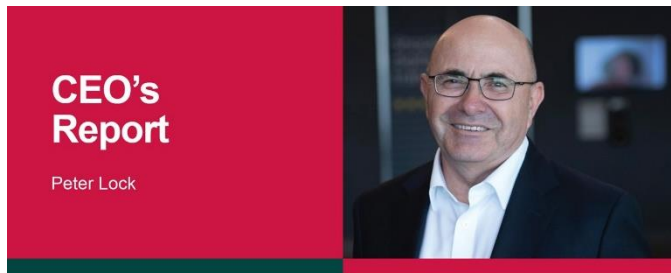
Our commitment to staff culture was evident from Day 1 of the merger with the launch of our recognition program, Shine. This values-based recognition program allows our people to acknowledge and congratulate colleagues for exemplifying our values of passion, integrity, trust, care, authenticity and respect, as well as our strong risk culture.

The program was enthusiastically embraced – with two-thirds of employees having engaged with Shine, either by sending or receiving recognition.

Pleasingly, our people participated strongly in the first company-wide staff survey following the merger. Conducted anonymously online, 88% of employees completed the survey, providing 4,500 comments which are now being used to identify steps we can take to strengthen our working environment.

By delivering high-quality training, we not only improve specific skills, we also build our organisational capability and improve outcomes for members. Across the financial year, Heritage and People's Choice provided 811 courses to employees, with more than 65,000 learning hours, across in-person and online learning programs, specialised forums and leadership programs.

To further enhance employee wellbeing and safety, we have provided all staff and contractors with a new range of wellbeing tools to help them look after themselves physically, mentally and financially.



While Heritage and People's Choice finished the reporting period in a very positive financial position, we have also taken great strides in building a stronger organisation – one which will provide Australians with a true alternative to the big banks and their profit-driven model.

We have made a great start but there is still so much work to be done to truly maximise the benefits of our merger for all concerned.

In finishing I want to thank the Board, my Executive team, and all our employees for their work over a historic 12 months.

And I thank all our members for choosing us for your banking needs.