

Heritage Bank

2021/2022 Member Report



Heritage Bank
People first.



ACKNOWLEDGEMENT OF COUNTRY

Heritage acknowledges the Traditional Custodians of the lands on which we live and work. We pay our respects to Elders past, present and emerging.



Heritage Bank celebrated the opening of our Tweed Heads Branch by launching a sponsorship of the Tweed Dragons dragon boat racing club.

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KPMG

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2021/22 in Numbers



NET PROFIT AFTER TAX
\$40.54
MILLION



LOAN APPROVALS
\$2.86
BILLION



TOTAL CONSOLIDATED
ASSETS
\$12.32
BILLION



RETAIL DEPOSITS
\$9.83
BILLION

NET INTEREST MARGIN

1.92%

30-DAY LOAN ARREARS

0.23%

NET PROMOTER SCORE

31.3

LIQUIDITY RATIO

18.99%

EMPLOYEE SURVEY
PARTICIPATION RATE

89%

TOTAL MEMBER NUMBER

333,117

CAPITAL ADEQUACY RATIO

14.62%

CUSTOMER SATISFACTION

90%

TOTAL MEMBER TRANSACTIONS

136
MILLION

DIGITAL WALLET TRANSACTIONS

12.6
MILLION

ONLINE TRANSACTIONS

29.9
MILLION

NET MEMBER GROWTH

3%

GROWTH IN
LOAN APPROVALS

15.9%

CONTACT CENTRE TOTAL
MEMBER INTERACTIONS

621,288

EMPLOYEE NUMBER

980

GROWTH IN
RETAIL DEPOSITS

4.8%

Leadership message

Heritage Bank enjoyed another successful year in 2021/22, as the country emerged from the massive disruptions of COVID to begin the return to a more normal way of life. That return promises to be long and not without difficulty, as the flow-on impacts of the COVID period continue to reverberate through the economy.

We're now seeing the emergence of high inflation, cost of living pressures, and ongoing supply chain disruptions. Despite that, Heritage remains very optimistic about the year ahead, and the resilience and strength of our member base. We are seeing the levels of demand for mortgages remaining strong in the early months of the new financial year, despite those headwinds. We are confident that we will continue to attract more business and more members, as the disruptions caused by COVID gradually ease and we settle into the new rhythm of our post-COVID society.

A key reason for the optimism we feel about the future is the prospect of our proposed merger with People's Choice Credit Union from South Australia. We announced in August, 2021, that we were investigating a proposed merger with People's Choice. Since then, we have completed due diligence on the proposal, and our Board has endorsed us moving forward with the merger plans. We have submitted our proposal to APRA and intend putting the merger proposal to a member vote by the end of 2022.

We are pushing forward with this proposal because we believe it is not only beneficial for members but also essential in securing the future of Heritage. This would be a true merger of equals that would create a new force for good in the Australian banking sector and help us deliver more for our members. If the merger proceeds, Heritage members will benefit from the creation of one of Australia's largest member-owned banking organisations, with approximately 720,000 members and \$23 billion in combined total consolidated assets. We believe this increased size and scale will ensure that we continue to remain competitive, thrive and serve our members well into the future. Both Heritage and People's Choice have proud histories and legacies in the communities in which we each operate. We are both proudly member-owned and have deep regional roots and a

successful track record in member-owned banking. Both organisations are also fiercely committed to delivering exceptional customer service and member value. That will not change. We believe that the proposed merger represents the start of a promising new chapter for Heritage and an exciting and historic opportunity for us to lead the expansion of a better way of doing banking in Australia.

The strength and stability that we bring to the proposed merger was evident in our financial results for 2021/22. We have continued to increase our member numbers, loan volumes, retail deposits and total consolidated assets. In particular, we experienced record loan volumes through our mortgage broker channel. Offsetting those results, we recorded a jump in expenses, with merger planning activities accounting for approximately \$3 million in costs, and labour shortage factors also generating extra employee costs. While our lending volumes were strong, members continued to take advantage of the then record low interest rates during 2021/22 to make higher than normal prepayments on their loans, and also to payout loans in full, restraining our net loan growth.

We recorded an after tax profit of \$40.539 million in 2021/22. This was down 9.5% on the previous year. However, excluding our merger planning costs, our underlying after tax profit was \$42.69 million, down just 5.1% on the previous year. As mentioned, our loan volumes were up strongly at \$2.857 billion, an increase of 15.9% on the \$2.464 recorded in the previous year. That growth in lending helped our total consolidated assets reach \$12.324 billion as at 30 June, up 3.2% on the \$11.943 as at the end of the previous year. We grew our retail deposits by \$450 million to reach \$9.833 billion at year's end, an increase of 4.8%. Our total member numbers reached 333,117 at year's end, up 3% on the previous year.



NET PROFIT AFTER TAX
\$40.54
MILLION



LOAN APPROVALS
\$2.86
BILLION



TOTAL CONSOLIDATED ASSETS
\$12.32
BILLION



RETAIL DEPOSITS
\$9.83
BILLION

Leadership message continued...

One particularly noteworthy outcome in 2021/22 was our mortgage loan arrears greater than 30 days, which sat at just 0.23% as at 30 June 2022, an extremely low rate that illustrates not only the quality of our loan book but also the excellent work our team does to support members who are facing difficulty in making repayments. We maintained our very solid prudential ratios, with our capital adequacy at 14.62% and our liquidity ratio at 18.99% as at 30 June 2022, both well above requirements.

As well as our excellent financial performance, a highlight of the 2021/22 financial year was the resumption of our interstate branch expansion program, with the opening of two new branches in New South Wales – one at Macquarie Park in Sydney and one at Tweed Heads. We opened our first two branches in Sydney in 2019, and then had our expansions plans temporarily halted by the COVID outbreak. Our New South Wales branch network now stands at four, with both the Macquarie Park and Tweed Heads branches performing well since opening.

One of the defining features of the mutual banking model is its commitment to prioritising the needs of members and community, not maximising profits to benefit shareholders. That's why an increasing area of focus for Heritage in 2021/22 has been doing more to protect our members from fraud and scams, particularly those members in vulnerable situations. Fraudsters continue to devise a range of scams that can catch people out and put their savings at risk. We have set up a special team at Heritage that acts to stop fraud happening in the first place, with improved real-time monitoring technology in place and increased vigilance around loss prevention. We are also placing

much more emphasis on educating members about scam risks, through all our communication channels, with special emphasis on helping members who are more vulnerable to these activities.

Another issue of increasing importance to our member base, and to our regulators, is our approach to sustainability, covering environmental, social and governance (ESG) factors. Acting responsibly and ethically has always been inherent in our activities, but members now expect us to be more transparent on our actions in response to issues such as climate change, and diversity and inclusiveness. To do so, we adopted an ESG Policy and Position Statement in June 2020, and followed that last year by announcing a set of key ESG commitments that we were working toward. In 2021/22 we took another step forward in our sustainability journey by appointing our first-ever Manager ESG and Sustainability, to focus and improve our actions in this area.

In closing, we would like to thank our people for their absolute commitment to serving members, despite the unusual challenges that 2021/22 threw their way. The ongoing impacts of COVID continued to add complexities to their roles, especially those in branches serving our members. Planning for our proposed merger also generated additional workload, in top of normal activities. Throughout this, our people remained totally focussed on serving our members' needs, and delivering the outstanding levels of service that our members prize so highly. That will continue no matter what else changes in future.

Kerry Betros AM **Peter Lock**
Chairman CEO



Peter Lock,
CEO

Kerry Betros AM,
Chairman

In 2021/22 we continued our branch expansion program, opening two new branches in New South Wales.

Strategy overview

Heritage Bank is one of Australia's largest customer-owned banks, and one of the oldest financial institutions in the country, with a history stretching back to 1875. Our strategic approach is based on our "people first" philosophy, which sums up our absolute commitment to serving the interests of our members.

At Heritage, we make banking a force for good. What motivates us isn't how much profit we can make. That's because we're not just in

the financial services business. We're in the business of making people's lives better.

Putting people first is embedded in our thinking and represents not just a friendly attitude, but a service-based philosophy that defines the way we do business. We help people with the basics of everyday living. We help them with their major commitments like buying a house or a business. We help them live the way they want to now, and when it's time to give up work.



OUR VISION

We're passionate about helping people



OUR MISSION

Delivering a great member experience every time



OUR VALUES

- Passion
- Integrity
- Courage
- Respect



OUR STRATEGIC GOALS

- Attract and grow new members
- Build and maintain existing members
- Build a bank to be proud of
- Attract and grow passionate people



Heritage team members get together at our Dalby Branch.

What matters most – our key ESG commitments

In June 2020, we adopted an Environmental, Social and Governance (ESG) Position Statement that sets out our approach to embedding sustainable and ethical business practices in our operations. As a mutual financial institution, acting responsibly and ethically has always been inherent in our operations. We exist to serve the interests of our members, and their communities, not to maximise profit for shareholders. We have always acted with the greater good of our community in mind.

Heritage Bank recognises the importance of considering the ESG implications of our activities. The longevity of our society depends on the sustainability of our environment, our communities and our business practices. We understand that we have a responsibility to foster sustainability and to focus on outcomes beyond financial metrics. Heritage believes that fulfilling our ESG responsibilities is best

achieved by embedding our core values into our policies, procedures and practices to benefit our people, our community and our world. We recognise that ESG considerations must also be part of our risk management framework and become part of our day-to-day decision making processes.

We have committed to the following key actions under our ESG Policy, and they have been incorporated into our rolling Business Plan. The actions have been matched to the UN Sustainable Development Goals (SDGs), the universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The SDGs are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

ENVIRONMENTAL PILLAR		2 ZERO WASTE	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
PRINCIPLE	COMMITMENT	STATUS			
Reduce our contribution to global warming wherever possible	We will investigate gaining certification under Climate Active Carbon Neutral Standard for Organisations (Australian Government standard as determined by the Department of Industry, Science, Energy and Resources) by 2024.	✔ Completed			
	We will seek to become a signatory to the UN’s Collective Commitment to Climate Action by 2024	🔄 In progress			
Reduce the use of natural resources in our business operations wherever possible	We will Install energy efficient lighting across all Heritage Bank locations by 2024	🔄 In progress All branches have been fitted with LED lighting. Some minor areas of 400 Ruthven Street still require upgrading which is planned for delivery in FY2023.			
	We will ensure that recycling bins are in place in all our offices and encourage staff to place all recycling materials in them	✔ Completed			
	We will prioritise fuel efficiency and reduced CO2 emissions in the acquisitions of all our company owned vehicles	✔ Ongoing			
	We have all our office locations fitted with quick boil hot water systems to minimise wastage of water	✔ Completed			

ENVIRONMENTAL PILLAR



PRINCIPLE	COMMITMENT	STATUS
Reduce the use of natural resources in our business operations wherever possible	We will dispose of all obsolete IT equipment (printer cartridges, phones, older technology) through an e-Waste recycling program	 Ongoing IT has an agreement with EraselT, a subsidiary of Interactive Pty Ltd, for secure disposal of equipment. They have provided us with a secure media bin for hard drives and tape destruction and recycling.
Avoid contributing to unacceptable environmental impacts caused by the activities of customers, suppliers and business partners wherever possible	We will update our policies and procedures for both lending and deposits by 2022 to identify industries that contribute to negative environmental, social and ecological outcomes.	 In progress Currently being investigated further in line with the Bank's strategic direction and technology road map. The system is capable of capturing ANZSIC codes for business banking deposit customers. The process is still in development to capture the necessary information.
	We will update our procurement process by 2022 to identify suppliers whose direct business activity contributes to negative environmental, social and ecological outcomes	 In progress
	We will replace our current industry codes with the more granular ANZSIC codes by 2022 to better identify industries that fall outside our ESG appetite	 In progress Significant IT work is required to create an extra field needed to capture ANZSIC codes.
Support activities that contribute to greater environmental sustainability	We will continue to partner with the Woolworths Organic Growth Fund to support greater use of organic farming practices in Australia	 Completed
	We will develop and implement "green" loan products by 2024 to encourage member investment in environmentally beneficial activities	 In progress We are currently developing a 'green' car loan which will provide members an incentive to purchase low emission vehicles.
	We will sponsor OzHarvest's food recovery program in 2021 and 2022.	 Ongoing In 2022, Heritage entered the second year of the two-year national corporate partnership with OzHarvest in order to support their Food Recovery Program.

Our key ESG commitments continued...

SOCIAL PILLAR			5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES
PRINCIPLE	COMMITMENT	STATUS				
Embed internationally recognised human rights standards within our operations	We will launch a Diversity and Inclusion strategy in 2020/21	 Completed The Diversity and Inclusion Strategy was launched in January 2021.				
	We will achieve WGEA Employer of Choice citation by 2024	 In progress A gap analysis has been undertaken to determine necessary actions to meet the citations benchmark.				
Act to reduce inequality and exclusion for particularly vulnerable members of our communities	Heritage will develop Financial Literacy resources aimed at key migrant/refugee communities, and other groups of vulnerable Australians, by 2022.	 Completed Heritage has activated a number of initiatives that support a targeted financial literacy program.				
	We will adopt a Customer Vulnerability Policy by 2022.	 Completed Our Customer Vulnerability Policy was adopted 31 March 2021 and Our Customer Vulnerability Procedure was adopted 31 March 2021.				
	We will introduce a Reflect level Reconciliation Action Plan (RAP) by 2022	 In progress				
Contribute to increased social equality by assisting people to achieve financial security through the products, services and advice we provide	In 2021/22, we will provide lending and deposit products that give our members an additional financial benefit of at least \$40 million, in comparison to the equivalent products offered by the major banks (as measured by CANSTAR)	 Completed The CANSTAR total member value calculation for FY 2022 was \$93.19 million. Our members gained a \$58.51 million benefit in rates and fees on our lending products, and a \$34.68 million benefit because of better interest rates and fees on deposit products.				
Contribute to increased social equality through the activities we undertake to support communities, consistent with our mutual values	We will make a minimum of \$2.5 million in philanthropic contributions each year to the communities in which we operates	 Completed Community investment in FY 2022 amounted to \$7.178 million.				
	We will investigate measures to limit the ability of problem gamblers to use credit cards for gambling activities.	 In progress				

GOVERNANCE PILLAR



PRINCIPLE	COMMITMENT	STATUS
<p>Adopt high standards of corporate governance</p>	<p>We will publish a Corporate Governance Statement annually, which includes details of our Board Committee structure and our Executive Committee structure.</p>	<p> Completed The Corporate Governance Statement was included as part of both the 2020/21 Financial Report and 2020/21 Member Report, which were both released in September 2021.</p>
	<p>We will publish the key items in our Senior Executive Group’s balanced scorecard annually</p>	<p> Completed The KPIs that formed the SEG’s Balanced Scorecard in 2020/21 were published in the 2020/21 Member Report in September 2021.</p>
<p>Act with the interests of our members driving our decisions</p>	<p>We will implement a new complaints handling system by the end of 2021</p>	<p> Completed The total complaints received in FY 2022 have provided 3,943 customer insights, made up of:</p> <ul style="list-style-type: none"> • 62% Customer Service insights • 38% Product Related insights <p>Customer Complaint Promise (Resolution within 5 Days) – 91% RG 271 Compliance (Resolution in 21 - 30 Days) – 100%</p>
	<p>We will maintain an average monthly score on the national Roy Morgan Customer Satisfaction ratings of higher than 90% in 2021/22</p>	<p> Completed The average monthly score on the national Roy Morgan Customer Satisfaction ratings in 2021/22 was 90.2%.</p>
<p>Set expectations for our staff to meet high standards of ethical behaviour</p>	<p>We will develop and roll out a Member Charter in 2021.</p>	<p> Completed</p>
	<p>Relevant staff will complete annual competency training and continued professional development to cover required credit and financial services competencies.</p>	<p> Completed</p>
	<p>We will maintain a Code of Conduct that sets out acceptable standards of behaviour from staff, supported by communication collateral.</p>	<p> Completed</p>

Delivering our Transformation Program

The banking landscape is rapidly changing as digital technologies revolutionise the way customers and financial institutions interact. To keep up with the digital revolution, Heritage is undergoing a significant transformation to cater for the needs of the modern banking customer, now and into the future.

Digital technologies play a key role in our transformation, but there is much more to it than that. Transformation requires our organisation to streamline (people, process, technology and information) to work seamlessly for one purpose – the member experience. To do this, we're aiming to become a "digital bank with a personal connection". We'll reach that goal by adopting a hybrid model of service delivery featuring new technologies supported by the excellent, personable interactions that Heritage is famous for.

To help us achieve that, we established the Transformation Office in 2019 to oversee the projects most critical to our transformation program.

Key progress from the Transformation Program in 2021/22 included the following:

CORE BANKING

To power the digital bank with a personal connection that we're aiming to be, we need to replace our current 40-year-old core banking system. As it's the heart of our banking offering, this is a major transformative project and one that we're determined to get right for our members heading into an exciting future.

We have already made progress on this important project, while awaiting the outcome of our proposed merger with People's Choice Credit Union. We have decided on Fiserv as our preferred vendor for our cloud-based platform for core banking. Further efforts are now contingent on the result of the potential merger process, to determine whether we migrate to a solution for a merged entity or a standalone Heritage solution.

PRODUCT ORIGINATION

It was an exciting year for our loans origination project, as our new solution went live.

In late 2020, Heritage announced a partnership with global information services firm Experian Australia to introduce a new loans origination platform. We have worked with Experian on developing this ambitious solution and have started rolling out the platform in phases.

From November 2021, our home loan lenders have been able to load and submit applications through the platform, saving them time and effort, and most importantly, speeding up the process for the customer.

Work on this project continues into 2022 and remaining phases are getting closer to release. Once fully implemented, the platform will significantly speed up the lending process thanks to a streamlined application process and new credit decisioning solution.

DIGITAL DOCUMENTS

Introducing the ability to digitally produce, distribute and sign loan documentation is another project we continued in 2021/22, to support the efficiencies achieved by our new loan origination platform.

Currently, home loan documents need to be physically printed and distributed to borrowers, who then need to provide a wet signature and return the physical documents for processing. This can be a time-consuming process. That's why we're developing a digital solution to not only save paper and money, but crucially time as well.

Heritage has engaged commercial lending legal service MSA National to work with us on developing a digital documents solution that will integrate with our loan origination and core banking platforms.



CONVERTED THOUSANDS OF MEMBERS FROM TRADITIONAL PRINTED STATEMENTS TO DIGITAL STATEMENTS



LOANS ORIGINATION PLATFORM GOES LIVE



WE ARE INTRODUCING THE ABILITY TO DIGITALLY PRODUCE, DISTRIBUTE AND SIGN LOAN DOCUMENTATION.

MEMBER COMMUNICATIONS

We're modernising our written communications to members, improving the look and feel of the messages as well as the channels used to distribute them. Heritage has partnered with customer engagement company Chandler, who have been working with us to update our statements and letters and how we share these with members.

In February 2022, a campaign helped convert thousands of members from traditional printed statements to digital versions. This not only provided a quicker, safer and more environmentally conscious way for members to receive regular statements, but it also saved Heritage about \$180,000 per year on printing and postage costs.



The team at our Highfields Community Branch.

Heritage Chairman Kerry Betros (left) and CEO Peter Lock (right) present Liz Wagner, the owner of the home featured on the 2022 calendar, with her painting of "Claremont".



Meeting our regulatory and compliance commitments

Heritage has increased our commitment to fulfilling regulatory and compliance obligations having devoted additional focus and resources to this important area. Highlights from the year included the following:

CONSUMER DATA RIGHT / OPEN BANKING

Consumer Data Right – or Open Banking as it is also known – is a Federal Government initiative aimed at giving consumers greater control over and access to their financial data. Heritage began sharing product data during the 2020/21 financial year and was one of only a small number of non-major banks to meet deadlines during the 2021/22 year. We started sharing account and transaction data on selected products in October 2021 ahead of the 1 November deadline, and also had Phase 4 of the initiative ready to go live in early July 2022 well ahead of the October 2022 deadline.

DESIGN AND DISTRIBUTION OBLIGATION – RG274

Heritage went live with Design and Distribution Obligations (DDO) in October 2021 to ensure consumers can obtain appropriate financial and credit products. The obligations require issuers and distributors to develop and maintain effective product governance arrangements across the life cycle of financial and credit products. This will result in improved outcomes for consumers of these products. One of the main outputs of DDO are Target Market Determinations (TMD) for each product within the scope of the obligations. TMD's are to be made public and provided to members upon request.



Heritage team members celebrate receiving our Employer of Choice Award.



OPEN BANKING
DATA-SHARING INITIATIVE



DESIGN AND DISTRIBUTION
OBLIGATION

Our Members



6,757
NEW HOME LOANS



3,033
NEW PERSONAL LOANS



30,714
TERM DEPOSITS AT 30/6/2022



270
NEW BUSINESS LOANS



508,141
SAVINGS AND TRANSACTION
ACCOUNTS AT 30/6/2022

HELPING OUR MEMBERS ACHIEVE THEIR FINANCIAL GOALS

Heritage exists to serve the interests of our members. One of the key ways we do that is by providing them with the means to achieve their financial goals.

In 2021/22:

- We gave 6,757 members a new loan that enabled them to buy a home
- We gave 3,033 members a new personal loan to achieve their goals, whether that was to buy a car, take a holiday or plan a wedding.
- We helped 30,714 members increase their savings through new Term Deposits in 2021/22.
- We helped our members achieve their business goals with 270 new business banking loans in 2021/22.
- Our members carried out 137 million transactions in 2021/22.

PROVIDING GREAT SERVICE TO OUR MEMBERS

Heritage prides itself on providing our members with a satisfying banking experience. We're proud that our Roy Morgan monthly Customer Satisfaction score as at 30 June 2022 was 90%, among the best in the country. Our Net Promoter Score (NPS) – the likelihood that our members would recommend us to others – was 31.3, again among the highest in the country.

DELIVERING FINANCIAL BENEFITS

Because our members are our main focus, we always aim to deliver financial benefits to them. Rather than seeking massive profits, our goal is to give members a better overall deal. That's backed up by independent analysis from research company CANSTAR, which found that our members were almost \$93.19 million a year better off in 2021/22 through banking with Heritage rather than one of the big four banks. Our members gained a \$58.51 million benefit in rates and fees on our lending products, and a \$34.68 million benefit because of better interest rates and fees on deposit products.



Our Palmwoods Community Branch makes another grant donation.

AWARDS

2022 Forbes World Best Banks	Heritage ranked number two in Australia, after ranking number one in 2019 and 2020
2022 Queensland Community Foundation Philanthropy Awards	Finalist, Corporate Philanthropist of the Year
2022 Workplace Giving Australia – Workplace Giving Excellence Awards	Bronze – Best Launch/Refresh (Employer)
2022 Money Magazine’s Consumer Finance Awards	Winner Customer Owned-Bank
2022 Mortgage and Finance Association of Australia (MFAA) National Excellence Awards	Best Mutual/Credit Union Lender
2022 MFAA State Excellence Awards NSW	Best Mutual/Credit Union Lender
2022 MFAA State Excellence Awards Queensland	Best Mutual/Credit Union Lender
2022 Canstar 5-Star Ratings	Outstanding Value for Business Deposits, Business Loans, and Low Cost Credit Cards
2022 Mozo People’s Choice Award	Excellent Customer Service and Highly Trusted
2022 Mozo Experts Choice Award	Small Business Exceptional Everyday Account, Pensioner Account, SMSF No Strings Savings
2022 RateCity Loan Awards	Best Used Car Loan, Best Investor 3-year Fixed Interest Only Loan
2021 Australian Business Association Awards	Employer of Choice Award (10th year in a row)
2021 RateCity Loan Awards	Best Used Car Loan
2021 RateCity Savings Awards	Gold Award - Online Saver Product (Best Standard Savings Account category) Gold Award – Investor 3 Year Fixed Home Loan
2021 InfoChoice Banking Awards	Credit Card Provider and Business Institution (Banking) of the Year
2021 Finder Credit Cards Finalist	Best No Annual Fee Credit Card (Gold Low Rate)

CONTINUING TO EXPAND OUR BRANCH NETWORK

We continued to swim against the industry tide of branch closures in 2021/22 by opening two new branches in New South Wales – one at Macquarie Park in Sydney and one at Tweed Heads. This represented the resumption of an interstate branch expansion program that COVID temporarily stalled. We opened our branch at the Macquarie Centre shopping centre in Macquarie Park in November 2021, continuing a physical push into Sydney that began with new branches at Castle Hill and Parramatta in 2019. We then opened another

new branch at the Tweed City Shopping Centre in Tweed Heads in December 2021, bringing our total number of New South Wales branches to four. With big banks reducing their number of branches across Australia by 300 since the start of 2020, Heritage continues to defy industry trends in opening new branches for its members.

IMPROVING OUR BUSINESS BANKING SERVICE

Heritage continues to build and improve our business banking offering and is making a positive difference to the local business communities.



Our members continued...

We added four new staff members to the Business Banking division in 2021/22, and now have a dedicated team of 14 business banking specialists, based in our Business Banking Centre in the high-profile ground floor tenancy of our Head Office building in Toowoomba. We continue to focus on the needs of the SME sector, with a clear emphasis on banking that is based on relationships. We work closely with these smaller businesses to find business banking solutions that suit their individual needs.

In 2021/22 we increased the volume of business loans funded by 24.4%, and the value by 14.7%.

ANSWERING THE CALLS FROM OUR MEMBERS

Heritage's Toowoomba-based Contact Centre provides an extremely important service in assisting our members to fulfil their banking needs. Our Contact Centre stands out in the financial services sector as one of the few that operates 24/7, assisting members with their requirements at any hour of the day or night.

In 2021/22, our Contact Centre team:

- Enjoyed interacting with our members via 621,288 phone calls, emails, web chats and responses to website inquiries.
- Answered 56% of calls within 120 seconds
- Delivered an average wait time of just 201 seconds.

IMPROVING THE MORTGAGE BROKER EXPERIENCE

Loans sourced via our nationwide network of mortgage brokers reached record levels in 2021/22, reinforcing the importance of this channel to Heritage. Broker-initiated loans made up 69% of our loans in 2021/22.

We invested significantly in our broker operations, adding 13 staff to the team to increase our capacity. This included extra Lending Assessment Officers, as well as creating a priority broker team. Our Broker Home Loan Application Status Updates project went live in 2021/22. This involves proactive automated notification of brokers about the status of their applications, which has proven extremely popular.

Moving forward, we are continuing work on our Document Generation (DocGen) project that will transform the way our loan documentation is generated, distributed and completed. DocGen will enable us to automatically generate and distribute documents, and have borrowers sign and submit the documents digitally, replacing a paper-based approval process. This will fast-track the approval to settlement process considerably.

Our broker team achieved the following results in 2021/22

- Funded home loans from brokers hit a record at \$1.797 billion – up 34% on the previous year
- Applications were a record at \$3.776 billion – up 77%
- Approvals also set a new record at \$2.061 billion – up 44%
- Annual growth in our broker loan book was 14%

HELPING CUSTOMERS IN NEED

Heritage Bank is committed to offering accessible and inclusive financial services, and supporting members who are experiencing vulnerability or hardship. We have adopted the following definition of a vulnerable customer:

A customer who requires additional care from us, because their circumstances make them more likely than others to experience financial loss, physical or emotional harm, abuse, disadvantage or other detriment.

This financial year we adopted a new framework called Member Care that sets out our approach to dealing with customers experiencing vulnerability. This framework aligns closely with the Customer Owned Banking Code of Practice's expectations for inclusive banking. The Member Care framework steps staff through how to identify vulnerability, what adapting our service standards means and how they can do so, and how to help members through referral to advocacy agencies that provide assistance for a variety of vulnerability circumstances. We have overlaid the Member Care framework on all existing procedures covering situations where vulnerability is more likely to be experienced – for example, in our approach to elder abuse. To support our Member Care framework, we have created the new role of Customer Vulnerability Specialist, as a way to further improve our actions to support members facing difficult circumstances.

Heritage has hardship provisions in place to assist members during times of financial difficulty. We understand that people can sometimes find themselves facing financial hardship for a wide variety of reasons, and we are committed to helping them through these difficulties. Heritage offers a range of hardship provisions, including deferred or reduced repayments for a specified period of time under their loan account.

In 2021/22, we assisted 402 members with hardship relief arrangements.

DOING MORE TO TACKLE FRAUDS AND SCAMS

Heritage has stepped up our efforts to prevent members from being affected by frauds and scams in 2021/22, and to help recover losses for those who have fallen victim. Fraud is an ever-present and ongoing issue across the banking sector, and in our society as a whole. Heritage Bank members are not immune. In 2021/22, 6,326 of our members reported gross losses related to fraud and scam activities totalling \$6.45 million. Through the diligent work of our team, we were able to successfully recover \$3.62 million, or 56% of that amount, on behalf of our members.

To lead our work in this space, we have established a dedicated Group Fraud Management (GFM) team. This year we added a new Intelligence and Detection Hub to the GFM team, appointing an additional four staff members. We have also added a new Senior Fraud Detection and Systems Specialist team member, who researches and deploys industry best practice to create fraud detection rules that help flag suspicious activity.

In 2021/22, GFM team members completed a range of industry accreditation courses provided by VISA, the Australian Centre for Financial and Environmental Compliance (ACFEC), and the Association of Certified Anti-Money Laundering Specialists (ACAMS). These courses have provided our staff with new skills that assist in understanding recovery opportunities, undertaking quality investigations, and holding informed discussions with members.

This year we extended the reach of the VISA Advanced Authorisation score (VAA), which provides data enriched by VISA's global intelligence. In the first three months of deployment, this measure directly saved our members more than \$1 million in blocked or declined fraud transactions.

We also partnered with law enforcement agencies and the Office of the Public Guardian (OPG) to assist in providing timely assistance to members who have been identified as victims of Vulnerable Persons Financial Abuse. Within Heritage, our GFM team and our Customer Care team established a streamlined process for managing Vulnerable Persons abuse victims, their families and front line staff who are required to deal with these situations.

In 2021/22 we continued to place higher importance on informing and educating our members about fraud and scams. This included regular social media posts, a comprehensive information section on our website, media releases and stories in our quarterly Working For You newsletter.

LEADING THE WAY IN THE PAYMENTS SECTOR

Heritage continues to maintain our position as a leader in the Australian payments sector, especially in virtual and pre-paid cards. In fact, Heritage is the market leader within the pre-paid card sector in Australia, maintaining business relationships with iconic national companies including Qantas. In 2021/22, we announced a new partnership with global branded payments leader Blackhawk Network to support its extensive gift card portfolio in Australia. In addition, we have developed digital pre-paid solutions supporting market-leading global participants in the Buy Now Pay Later sector.

Our members' use of electronic and digital wallet payments continues to grow strongly. Across 2021/22, mobile app and internet transactions grew strongly, and now make up 34% of our transactions as a whole – up from 21% in the previous year.

Members have also enthusiastically embraced our digital wallets. With our launch of Apple Pay in 2020, Heritage became one of only a handful of banking organisations in Australia to offer members the full range of digital wallets – which also includes Google Pay, Samsung Pay, FitBit Pay and Garmin Pay. This provides Heritage members with significant flexibility and choice in using digital wallets. That choice has proven very popular, with Heritage members making 12.6 million transactions via digital wallets in 2021/22, up 53% on the previous year. In July 2021, Heritage added the option for Apple Pay users to choose between making contactless debit card payments via eftpos, or via the Visa system.

NOTIFICATION SERVICE HELPS PEOPLE IN TIME OF MOURNING

In 2021/22, Heritage partnered with the Federal Government's Australian Death Notification Service (ADNS) to help the families of deceased Heritage members experiencing grief. The ADNS allows families or loved ones to digitally notify multiple organisations that someone has died, rather than having the same conversation with each service provider at an already difficult time emotionally.

Previously, the family of recently deceased Heritage members could only provide notification of their passing by speaking with us directly through a branch or the Contact Centre. Now, families of deceased Heritage members have the option of contacting the ADNS, who will validate that the death has been registered and then contact service providers like Heritage. This helps reduce the emotional challenge of dealing with a loved one's passing.

REDUCING LANGUAGE BARRIERS

Having a team of translators and interpreters on call means there are now fewer language barriers at Heritage Bank for people with English as their second language. Heritage now offers customers access to nationally accredited translation and interpretation service Speak Your Language, which caters to more than 200 languages. The confidential service allows Heritage members to use interpreters or translators when communicating with our staff. Members can visit one of our branches or phone our Queensland-based Contact Centre and ask to use the Speak Your Language service for their enquiry.

HELPING PEOPLE AFFECTED BY FLOODS

Heritage Bank offered a helping hand to customers impacted by the devastating floods that swept parts of south east Queensland and northern New South Wales early in 2022. As a community-centric organisation, Heritage put together a Flood Relief Package that included a series of measures to assist customers and staff through these difficult times. This included:

- Hardship provisions to help impacted customers through their situation.
- Waiving fees associated with restructuring of loans needed because of flood impacts.
- Waiving or refunding fees incurred because flood impacts have made it impossible for customers to comply with requirements of their accounts, for example missed payments.
- Early redemption on Term Deposits and Farm Deposit Management accounts for customers impacted by floods, without fees or penalties.

We joined with the Heritage Bank Charitable Foundation, and with our staff and members, to donate a total of more than \$120,000 to support GIVIT's storm and flood appeal in 2022. Heritage Bank made an initial donation of \$100,000, followed by an additional \$5,000 from the Heritage Bank Charitable Foundation. We then kicked off a

Our members continued...



Heritage team members Paul Moses (left) and Stewart Saunders.

fund-raising campaign through our members and staff that raised another \$15,027. This support is a terrific example of the Heritage family coming together again to grow stronger communities.

OVERSEAS MONEY TRANSFERS NOW EASIER

In exciting news just ahead of Christmas 2021, we introduced the ability for members to use Heritage Online to send money overseas, via a Western Union telegraphic transfer. Members previously had to visit a branch to request a telegraphic transfer. The new initiative means members can more conveniently send money overseas through Heritage Online. This improved functionality means members can transfer money overseas 24/7 from wherever they are, which provides far greater convenience. On top of that, international transfers through HOL attract a lower \$15 fee as opposed to the

\$30 charge for a telegraphic transfer completed in branch. Increased convenience at a lower cost certainly leads to a better member experience. The ability to also carry out telegraphic transfers via our mobile app will be in place by the end of 2022.

SEVEN BRANCHES REOPENED ON SATURDAYS

Opening a number of our branches on Saturdays is one feature that makes Heritage different. At the height of the COVID epidemic in 2021, we took the decision to keep a number of our branches closed on Saturdays, to limit the exposure of staff and members to the virus. When the surge reduced in early 2022, we took the decision to reopen our branches at Carindale, Chermside, Coomera, Highfields, Maroochydore Springfield and Castle Hill, all operating under strict COVID-safe practices.

Member Charter

In 2020/21, Heritage adopted a new Member Charter which sets out our commitments to our members. The Member Charter summarises how we treat our members, the promises we make to them, and the motivations that drive our operations. The key principles of our Member Charter are as follows:

1. WE EXIST TO SERVE YOU	As a mutual bank, Heritage exists to serve the interests of our members. That's what drives everything we do. We are owned by our members, so our number one goal is to give you the best overall banking experience we can.
2. WE HELP YOU ACHIEVE YOUR LIFE GOALS	The reason we exist is to help you achieve your life goals. That means you can trust us to take a responsible approach to lending and credit, ensuring that the financial commitments you make are appropriate for your circumstances.
3. WE PRIDE OURSELVES ON PROVIDING YOU WITH GREAT SERVICE	Heritage has a well-earned reputation for providing outstanding customer service. We promise to continue making customer service a priority, across all our touch points. Our commitment is to provide you with outstanding service that is authentic, caring and easy to access whether you come into a branch, ring our Contact Centre, use our mobile app, or visit our website.
4. WE KEEP OUR COMMUNICATIONS SIMPLE AND STRAIGHTFORWARD	Too often, banks make their communication complex and hard to decipher. Our goal is to communicate in a way that's simple and easy to understand, whether that's written communication such as our letters and our website, or verbal communication through our branches and Contact Centre.
5. WE ACT ON YOUR COMPLAINTS	We know that we won't always get things right. When that happens, we provide simple ways for you to alert us to the problem, and we will take action on it.
6. WE SUPPORT YOUR COMMUNITY	Heritage has always embraced our responsibility to act in the wider interests of the communities that our members are part of. Serving our members means not just providing them with banking products and services individually, but also supporting the communities they live in, to enhance their overall quality of life.
7. WE PROTECT YOUR PRIVACY	Heritage appreciates the extremely sensitive nature of the data we hold about our members. We promise to place the utmost importance on protecting and maintaining the privacy of your personal information.
8. WE ACT SUSTAINABLY, EQUITABLY AND WITH INTEGRITY	Ensuring the sustainability of our economy, society and environment is one of the greatest challenges our world currently faces. We know that to serve the interests of our members, we must embed greater sustainability into our operations, to protect their future and that of subsequent generations.
9. WHAT WE EXPECT FROM MEMBERS	When you join Heritage, you become more than just a customer, you take an ownership stake in a company with strong core values and principles. Being a member of Heritage brings with it expectations that you will act with the same courtesy and care toward our staff that characterises the mutual banking sector as a whole

Our People



100+

TEAM MEMBERS NOW MAKE REGULAR DONATIONS TO "OUR SHOUT" WORKPLACE GIVING PROGRAM



17,869

ECARDS SENT IN 2021/22



2,303

HERITAGE HEROES AWARDS PRESENTED DURING THE YEAR



1,871

INSTRUCTOR-LED TRAINING SESSIONS WERE HELD OVER THE YEAR

MODERN WORKING ARRANGEMENTS CONTINUE

Flexible working arrangements have been embedded in the Heritage culture and they have benefited both the bank and team members. Feedback from our office-based staff has been in favour of hybrid modes of working, with team members happy and productive spending some time working from home and the rest of the time in the office.

To assist, upgrades were made to data bandwidth across the business to boost connectivity and a fleet of laptops were rolled out to branches to enable hybrid working and member engagement options.

Dealing with COVID has been an ongoing challenge and maintaining hybrid working where possible has certainly helped navigate outbreaks and lockdowns. COVID prevention measures like counter screens, physical distancing and increased hygiene measures have been maintained across the business to help protect team members from transition. This has been especially important in branches, where our front-line teams have continued to deliver exceptional service.

NEW BRISBANE OFFICES

Heritage consolidated its Brisbane office presence into a prime riverfront location at Eagle Street in the Brisbane CBD, next to the historic Customs House. We closed existing offices at 80 Petrie Terrace in Milton, and at 307 Queen Street in the CBD, to bring all office staff together to work out of the new Eagle St tenancy.

The new location achieves cost savings and provides a larger, united office space for our teams in Brisbane. The tenancy has also been fitted out to cater for a post-COVID hybrid working model. The space makes use of bookable hot desks, rather than permanent desks allocated to individuals. This allows flexibility of work spaces for our people whether they're based in Brisbane, or visiting, and supports an enhanced work life balance.

PROVIDING CAREER OPPORTUNITIES

A highlight of the year was the internal promotion of 69 team members to permanent positions. On top of that, 58 team members also earned higher duties or temporary promotions. These team members have impressed in their roles and have furthered their careers at Heritage.

A team to work on the potential merger was also established providing exciting opportunities for secondments, while other team members have been enlisted to assist with preparing for the member vote, which gave them a chance to work on a project of major significance in the history of the bank.

The Lead Best Mentoring Program was launched in March 2022 and provided internal growth and development opportunities by matching participating Senior Managers with a mentee who will benefit from the sharing of knowledge and experiences. It was a 12-month mentoring program that saw the participating mentors all quickly matched with mentees.

Heritage is also a Registered Training Organisation (RTO) and gives team members the chance to complete a Certificate IV in Banking Services, eight staff earning the qualification during 2021/22. Study assistance is also available to team members and can include study leave, exam leave and financial assistance.

TRAINING AND DEVELOPMENT

We are committed to helping members of the Heritage team develop their careers. All staff have access to an online Learning Portal, which provides a range of training, eLearning courses and videos. Our in-house trainers also provide a range of courses in person and through Zoom to cater for various learning cohorts. A total of 1,871 instructor-led training sessions were held over the year, while a massive 47,835 eLearning courses were also completed by staff.

BUILDING OUR PHYSICAL AND MENTAL WELLBEING

Heritage became the first banking institution in Australia to provide all team members with free access to mental health and wellbeing platform, Unmind. Unmind is a cultural change platform accessed via an app that features expert tools that take a whole-person, whole-organisation approach to mental health and wellbeing.

DIVERSITY AND INCLUSIVENESS

In 2020/21, we launched our first Diversity and Inclusion Strategy and in 2021/22, this strategy was embedded in our great culture to ensure all members of the Heritage team felt welcomed and supported. There was a Diversity and Inclusion Calendar that included events where all team members could get

involved and celebrate our diverse team. The calendar included events like International Women's Day, NAIDOC Week and Pride Month.

REWARD AND RECOGNITION

We love to celebrate the incredible contributions of our team members via our Heritage Heroes reward and recognition program. This is a popular and positive way for our staff to show their appreciation for their peers by using an online portal to nominate their colleagues in two ways:

- Staff can send their peers a range of congratulatory "eCards" to each other at any time, to provide an instant, virtual "well done". Staff collectively sent 17,869 eCards to each other in 2021/22.
- Staff can nominate their colleagues to receive a Heritage Hero award for actions over and above their job requirements. The Heritage Hero award winners are considered for the quarterly Silver Heritage Hero Awards, and can also then go into the running for the annual Platinum Heritage Hero Awards, which reward the best of the best across Heritage. A total of 2,303 Heritage Heroes awards were presented during the year.

A highlight of the year was holding the first in-person Platinum Awards since COVID hit. The black tie event in November 2021 at Toowoomba's Empire Theatre was a wonderful chance to recognise high achievers from across the bank for the previous two years.

OUR SHOUT

In 2021/22, Heritage's "Our Shout" Workplace Giving Program continued to grow, demonstrating the generosity and community spirit of our staff members. Our Shout gives Heritage's employees the chance to make a regular payroll donation direct to the Heritage Bank Charitable Foundation. The program fits perfectly with the Heritage culture of putting people first, with all donations directly assisting the Foundation in its work to support those in need in our communities.

Staff participation increased again this year, with more than 100 team members now making regular donations. That represents 12.5% of employees. The average yearly donation per staff member was \$255.88 per year, higher than the industry average of around \$192. Altogether, the Our Shout program raised \$41,939.94 across the year, including both staff donations and matching contributions from Heritage.



Team member Jess Deane celebrates receiving a Platinum Award.

Our Planet

OUR HEAD OFFICE BUILDING NOW RUNS ON GREEN POWER

In July 2021, Heritage signed on to run our Head Office building in Toowoomba on 100% renewable energy. Heritage subscribed to Ergon Energy's Clean Energy Program to run the multi-level office complex on Ruthven Street. Under the program, Heritage plays a slightly higher premium on its power bill for Head Office, which enables Ergon to purchase more renewable energy certificates from renewable energy generators. Heritage's Head Office complex uses about 1.5 million kilowatt hours of electricity a year. Generating this amount of electricity through renewable sources rather than fossil fuels will save around 1200 tonnes of carbon dioxide from going into the atmosphere. That's the equivalent of taking 260 cars off the road. Heritage now sources 59% of our energy consumption from Green Power.

WE'RE WORKING TOWARD BECOMING CARBON NEUTRAL

In 2021/22, we took further steps on our carbon neutral journey by signing up to the Climate Active program, administered by the Federal Government. Climate Active provides the framework for Australian businesses, products and services to measure, reduce and offset carbon emissions to lessen environmental impact. In March 2022, Heritage Bank engaged KPMG to guide us to measure and report our Scope 1, 2 and 3 carbon emissions. Through this process we have been able to identify opportunities to reduce our emissions through energy efficiency and other demand management actions. We have also purchased 3500 tCO₂ of certified carbon credits, where we cannot reduce our overall emissions. Heritage plans to achieve Climate Active certification in November 2022.*



Victorian Broker Team
Business Development
Manager Thimi Synak.


10.8%
REDUCTION IN ANNUAL
ELECTRICITY USAGE AT
HEAD OFFICE


16%
REDUCTION IN FUEL
CONSUMPTION


25%
REDUCTION IN
PAPER USAGE

*This statement was initially published to read that Heritage had achieved Climate Active certification in August 2022. Unfortunately administrative delays in the process of certification, meant that certification was not awarded until November 2022. Heritage had in practice and substance done all things necessary for certification by August 2022.

ENVIRONMENTAL SUSTAINABILITY PERFORMANCE METRICS

Emission category		Sum of FY2202 Emissions (tCO2-e)	Sum of FY2201 Emissions (tCO2-e)	% Change
Scope 1	Fleet Fuel Usage	249.88	301.11	-17%
Scope 2	Electricity	569.18	2293.48	-75%
Scope 3	Accommodation and facilities	18.37	36.32	-49%
	Air transport (km)	37.43	12.64	196%
	ICT services and equipment	34.42	37.11	-7%
	Fleet Fuel Usage	13.3	16.03	-17%
	Office equipment & supplies	104.31	242	-57%
	Postage, courier and freight	614.89	347.8	77%
	Refrigerants	0.08	0.407	-80%
	Waste	713.39	664.4	7%
Total		2355.15	3951.48	-40%

WE'RE IMPROVING THE SUSTAINABILITY PERFORMANCE OF OUR OPERATIONS

Heritage undertook a number of initiatives to improve the performance of our assets and operations

- **Fleet:** Fleet options have been reviewed and greatly reduced to now only include a range of hybrid vehicles and normal combustion vehicles with a fuel economy of 7.5lts/100km or less. This saw our fuel consumption reduce by 16% in FY2022 compare to FY2021. We continue to investigate continued adoption of Zero Emission Vehicles across our common-use pool vehicles.
- **Supply Chain:** Heritage has begun incorporating additional sustainability requirements in the procurement and bill processing systems to ensure we improve performance and reduce ESG risks.
- **Reduced electricity usage:** In the FY 2021/2022 year, we reduced our overall annual electricity usage by 10.8% compared to our FY 2018/2019 usage.
- **LED lighting:** All branches and a significant proportion of areas in Head Office use LED lighting, which uses less electricity than other types of lighting.

Electricity consumption kWh (Head Office)

FY 2018/19:	2,802,830
FY 2019/20:	2,735,403
FY 2020/21:	2,560,731
FY 2021/22:	2,501,015

Fuel consumption Heritage vehicles (Litres)

FY 2018/19:	133,027
FY 2019/20:	133,180
FY 2020/21:	129,212
FY 2021/22:	108,060

Paper consumption (Reams)

FY 2018/19:	10,189
FY 2019/20:	9,619
FY 2020/21:	8,013
FY 2021/22:	6,048

TRANSITION TO MORE SUSTAINABLE CARDS

Heritage is in the process of switching from our current plastic debit and credit cards to a more environmentally version. It is the first card on the market made from 100% PLA layers which is an innovative step towards unlocking the potential of bio plastics for the payments card industry. These cards are manufactured from annually renewable sources offering a reduced carbon footprint, as much as 70% when compared to many traditional plastics. The cards provide the same durability as standard plastic cards, but with outstanding additional environmental benefits: they use 65% less energy to produce as compared to traditional plastics, and emit 68% fewer Greenhouse Gases (GHGs). If incinerated, they do not emit toxic fumes unlike petroleum-based cards. The aim is to have the new cards available in October 2022.

Our Community

As a customer-owned bank, Heritage has a long history of embedding community-minded outcomes in our objectives. The profits we make are used to support our members and the communities they live in. Our goal is to make a positive impact to the community, nurturing growth through a diverse range of initiatives.



TOTAL COMMUNITY
INVESTMENT

\$7.178
MILLION



Heritage Bank Chairman Kerry Betros (centre) hands over a \$1 million donation to the Heritage Bank Charitable Foundation Chair Bill Armagnacq (left) and Executive Officer Paul Olds.

This means:

- We invest in the economic development of local communities in which we operate
- We invest in the social infrastructure to improve the lives of people within the communities in which we operate
- We develop shared value models that allow local communities to share in our financial success
- We partner with governments and other organisations to support community growth

GIVING BACK TO THE COMMUNITY

As a customer-owned bank, giving back to the community is embedded in Heritage's DNA. We do that in many ways, including direct donations and sponsorships, and in-kind support.

In 2021/22, the value of our total community investment amounted to \$7.178 million.

OZHARVEST PARTNERSHIP

Heritage continued our two-year partnership with leading food rescue organisation OzHarvest in 2021/22. Our partnership supports OzHarvest's national food rescue operations, helping to deliver an additional 200,000 meals a year, which equates to saving nearly 70,000 kilograms of food from landfill, and preventing 140,000 kilograms of greenhouse emissions being emitted.

One of the highlights of the partnership this year was an activation in the Westfield Garden City Shopping Centre in Brisbane, with a 312 kilogram mound of food on display to as a graphic representation of what every Australian person wastes each year.

Research has found that Australian households collectively waste 2.5 million tonnes of food a year, most commonly fruit and vegetables, bread, bagged salad, meat and leftovers. That's a whopping 312kg each, which can cost households up to \$2500 each year.

HERITAGE BANK PETER CLEARY MEMORIAL SCHOLARSHIP AT USQ

Inglewood student Kate Osborne's educational journey at the University of Southern Queensland (UniSQ) received a significant boost when she became the first-ever recipient of the Heritage Bank Peter Cleary Memorial Scholarship.

In the previous financial year, we announced a partnership with the UniSQ to establish the Scholarship, in honour of our much loved former finance executive. The scholarship assists a second-year student from rural or remote Queensland doing a business or commerce degree at UniSQ. Heritage is donating \$100,000 to help establish the endowment fund, and UniSQ is donating \$200,000, to bring the total in the endowment fund to \$300,000. That fund will finance the annual scholarship in perpetuity.



Partnering with UniSQ to provide scholarships.



The panel of guest speakers at our staff development session called The Couch.



Dalby Branch staff member Daniel Chapman takes long-time member Ann Muller to the Dalby Show.

Our Community continued...



Collecting books to support the Australian Literacy and Numeracy Foundation.

HERITAGE BANK CHARITY GOLF DAY HITS \$1 MILLION MILESTONE

In 2021/22, the Heritage Bank Charity Golf Day surpassed the \$1 million fund-raising milestone. About 100 members of the business community took on the City Golf Club course in Toowoomba in April 2022 for the annual event, which has now been running for 24 years. The \$65,000 raised at this event took the total amount raised in the Golf Day's history past the \$1 million mark. Around 130 community and charity organisations have now benefitted from donations made thanks to this event during its history.

The organisations to benefit from the 2021/22 event were:

- DV Safe Phone, Sunshine Coast
- Heart Kids NSW, Sydney
- Leyburn Men's Shed, Toowoomba
- Newtown State School, Toowoomba
- On the Edge, Beenleigh
- Tony's Kitchen, Toowoomba
- You Turn, Southern Queensland
- PCYC Toowoomba



Highfields Community Branch makes another community donation.

LOADS OF LOVE

Heritage proudly supported the Loads of Love Appeal again in 2021, with our staff and members coming together to assist families in need at Christmas. Heritage was again a collection point for bags of non-perishable food and personal items as part of Lifeline Darling Downs and South West Queensland's Loads of Love Appeal. Heritage collected more 3,200kg of contributions during the 2021 Appeal, which accounted for 13.3% of all donations made to help families enjoy a brighter Christmas. The 2021 Appeal had an incredible impact helping 1,248 households, with an estimated \$107,000 worth of food and money donated to help those doing it tough during the festive season.

COMMUNITY BRANCH MODEL

Heritage is particularly proud of our Community Branch model and the significant contribution they make to their communities. We have seven Community Branches – at Forest Lake, Karalee, Nanango, Millmerran, Palmwoods, Highfields and Crows Nest. They operate on a partnership model, as joint ventures between Heritage and a community company with local representation. Under the model, half the profits are given to the community company to provide grants for worthwhile local organisations and causes. These Community Branches have cumulatively injected a total of \$67 million back into their local communities since the first opened at Crows Nest in 1999. This figure is made up of community grants, sponsorships, wages, rent, payments for services such as a cleaning, and other costs.



UniSQ Vice Chancellor Geraldine Mackenzie and Heritage Bank Charitable Foundation Chair Bill Armagnacq help launch the Weis Community Fund.

NANANGO COMMUNITY BRANCH CELEBRATES 20TH ANNIVERSARY

Heritage Nanango Community Branch commemorated its 20th birthday in December 2021 by saying thank you to the community with a week of celebrations. Celebrations kicked off with the Heritage 20th Birthday Rainbow Run, followed by a free sausage sizzle and outdoor radio broadcast by Crow FM, and culminated in an impressive fireworks display at Nanango's Christmas Carnival on 16 December. Since opening in 2001, the Heritage Nanango and HNCF have put over \$4.5 million back into the local community, through the grants, along with the wages paid to local staff, and payments made for all the other services that are needed to keep the branch running. More than 150 grant recipients have received a helping hand through support from Heritage Nanango. The biggest project to date is Heritage Lodge, which saw \$750,000 contributed over a few years. In conjunction with CTC South Burnett and South Burnett Regional Council, this project included the construction of eight independent living units.

SUPPORTING MIGRANTS AND REFUGEES

Heritage continues to provide support to members of the migrant and refugee community, particularly in our efforts to help improve financial literacy. We have employed Community Liaison Member Growth Officers Waleed Sammouh and Basel Deghlawe, both originally from Syria, since 2020. They have combined their fluency in Arabic, understanding of Middle Eastern culture, and knowledge of the banking and finance industry to help refugees and migrants feel more at ease when dealing with banks.

In 2021/22, the team:

- Conducted four Mortgage Seminars for migrants and refugees in Toowoomba
- Attended business seminar with Toowoomba Regional Council (TRC) and Corney and Lind Lawyers
- Were guest speakers at a Toowoomba Chamber of Commerce event and at TRC's Cultural Diversity Network
- Partnered with Best Employment to educate the job seekers
- Worked with Mercy Community to assist newly arrived migrants and refugees
- Liaised with TASC Legal and Social Services to find ways in assisting their clients
- Attended two UniSQ Student Wellbeing Days
- Attended the Toowoomba Job Fair

The team also conducted 183 reviews with members of the migrant community, to look at how they could go about the process of securing a home loan. From those reviews, we were able to help 15 families achieve their dreams and purchase their first homes.

SUPPORT FOR HERITAGE BANK CHARITABLE FOUNDATION

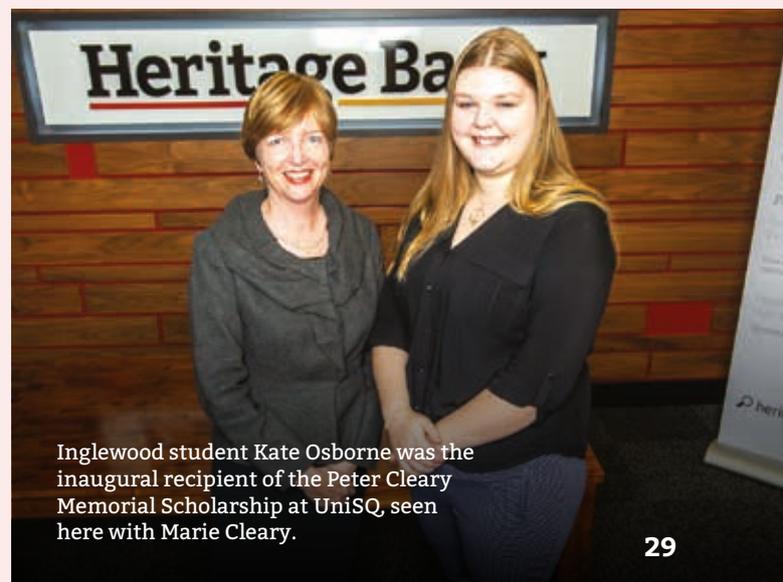
Heritage Bank donated an additional \$1 million in 2021/22 to the Heritage Bank Charitable Foundation, to accelerate the capacity of its philanthropic partner to help people in need in our community. The donation comes on top of the \$2.3 million that Heritage has donated in previous years to build up the Foundation's corpus. It helps further bring to life Heritage's vision of creating a Foundation that will become a major contributor to Australia's philanthropic community.

HERITAGE SUPPORTS THE MULBERRY PROJECT

In 2021/22, Heritage became the major sponsor of innovative social enterprise The Mulberry Project, which turns unused farmland into market garden crops grown by migrants and refugees. The project creates pathways to careers in farming and food for disadvantaged community members, and strives to transform lives and land from scarcity to abundance. Our sponsorship is helping the Mulberry Project achieve goals such as setting up a migrant training centre, native plant nursery, expanded market garden, schools program, English language working bees and future NDIS psychosocial support program. It will enable the Mulberry Project to appoint a part-time volunteer coordinator who will liaise with three target groups – refugees/migrants, Indigenous youngsters, and schoolchildren – to participate in the program. Under the sponsorship agreement, Heritage Bank staff will also be invited to participate in the project's activities. The Mulberry Project is a very practical way for new migrants and refugees, and other disadvantaged groups, to gain skills and self-esteem, and to contribute in a very positive way to the local community.

SECTOR LEADERSHIP

As one of the country's largest customer-owned financial institutions, Heritage recognises its responsibility to play an active role in leadership within the sector. Our CEO Peter Lock is a Board member of both the Customer Owned Banking Association (COBA) and the Business Council of Cooperatives and Mutuals (BCCM). Our participation in the activities of both organisations helps promote the sector and shape its future.



Inglewood student Kate Osborne was the inaugural recipient of the Peter Cleary Memorial Scholarship at UniSQ, seen here with Marie Cleary.

Supporting the Woolworths Organic Growth Fund



CANTRILL

organics

HERITAGE BANK CONTINUES TO PARTNER WITH WOOLWORTHS AS THE FINANCIAL ADMINISTRATOR FOR THE WOOLWORTHS ORGANIC GROWTH FUND.

The Woolworths Organic Growth Fund is providing up to \$30 million in grants and interest-free loans to help grow Australia's organic produce industry. The fund was established in 2018 with Heritage Bank, and 19 businesses have benefitted to date – seven loans to the value of \$2,210,550 and 12 grants to the value of \$3,598,080. Woolworths manages the Fund and is responsible for applicant selection. Successful applicants then enter into a funding agreement with Heritage, who administer the lending and financial aspects of the Fund's operations. Cherry orchard operator Cantrill Organics, from just outside Orange in New South Wales, is one of the fund beneficiaries.

Orchard owner and manager Luke Cantrill and family, Cantrill Organics, NSW

Heritage Bank Charitable Foundation



The 2021/22 year saw the Foundation significantly increase its ability to support vulnerable Australian's and grow stronger communities. Through the very generous support of the Heritage Bank community the Foundation was able to raise over \$2.3M.

Special thanks must be given to the following donors:

- Heritage Bank
- Heritage Bank Staff
- Heritage Bank Members
- Unilever
- Alpine Refrigeration and the Walls Family
- The Clewley Family

This strong financial growth has allowed the Foundation the flexibility to provide immediate support to those in need while also growing a fund that will deliver lasting benefits into the future.

We're very proud to announce that the Heritage Bank Charitable Foundation's support of the community nearly tripled this financial year to \$263,000. The Foundation was able to provide financial support to 10 amazing charity partners who are all working incredibly hard to build a stronger, safer and more equitable Australia.

FY 2021/22 GRANTS SUPPORTED

- Bravehearts - \$25,000: Ditto Keep Safe shows on the Darling Down and surrounding regions
- Youth Insearch - \$15,000: Transport costs for Youth Insearch Camps in South East Queensland
- The South Burnett Pantry - \$15,000: The purchase of food in the South Burnett
- Baby Give Back - \$15,000: 150 Safe start boxes for vulnerable babies leaving hospitals in South East Queensland
- Australian Literacy and Numeracy Foundation - \$15,000; Literacy training on Palm Island
- GIVIT - \$122,800: Support for flooded communities in Queensland and NSW
- Momentum Mental Health - \$2,400: General program support in Toowoomba (Alpine Community Fund)
- Guide Dogs QLD - \$800: Training funding for new Guide Dogs (Clewley Campbell Charity Community Fund)

- The Mulberry Project - \$15,500: Farm readiness employment training in Toowoomba (Weis Community Fund)
- Australian Rural Leadership Foundation - \$9,500: Scholarship for an emerging Darling Downs based agricultural leader (Weis Community Fund)

ADDITIONAL HIGHLIGHTS

- Heritage Bank committed to matching staff member Workplace Giving donations to the Foundation
- The creation of the Weis Community Fund in partnership with Unilever
- \$17,127 raised from staff and members for the GIVIT Storm and Flood Appeal
- 50+ hours of volunteering with charity partners



The Charitable Foundation supports Bravehearts.

Corporate Governance

OPERATING WITH GOOD GOVERNANCE

Heritage's Board and senior executives are committed to managing our business ethically and maintaining high standards of corporate governance.

THE BOARD OF DIRECTORS

Role of the Board

The Board has adopted a formal Board Charter setting out its roles and responsibilities. The Board's role is to provide leadership, strategic guidance and oversight of Heritage, including to:

- a) oversee and evaluate Heritage's strategies, policies and performance;
- b) oversee Heritage's performance to build sustainable value for members within a framework of prudent and effective controls that enable risks (including financial risks as well as misconduct, compliance and other non-financial risks) to be assessed and managed;
- c) oversee Heritage's values, including the establishment of a sound risk management and compliance culture; and
- d) adopt and implement an appropriate governance framework for Heritage.

Relationship with Management

The Board has delegated responsibility for the operation and management of Heritage to the CEO, subject to the overall supervision of the Board. The CEO is responsible for managing the day-to-day operations and management of Heritage. The CEO provides input and recommendations on strategic direction and has authority for implementing the approved strategic plan of Heritage in accordance with the decisions of the Board.

The CEO leads the senior executives, who meet regularly to review and report on Heritage's business activities including its operations, financial performance and general strategic direction.

Board Composition

The Constitution of Heritage provides that the number of directors shall be between three and 12 and, in addition, may include not more than one employee director. Currently the Board is comprised of six independent non-executive directors. There is no employee director.

One-third of the elected directors must retire from office at each Annual General Meeting. A director must retire from office no later than the third Annual General Meeting after the director was last elected.

The Board periodically considers succession planning of directors and the CEO and in conjunction with the CEO considers succession planning for the senior executives.

Board Independence

In assessing the independence of each director, the Board considers whether he or she has any relationships that would materially affect their ability to exercise unfettered and independent judgment in the interests of Heritage and its members. In this regard, and more broadly, Heritage complies with APRA Prudential Standard CPS 510: Governance.

Board Changes

There were no changes to the Board composition in 2021/22.

Conflicts of Interest

In accordance with the Corporations Act 2001 (Cth) and Heritage's Constitution, directors must keep the Board advised of any interest that could potentially conflict with the interests of Heritage.

The Board has a policy to assist directors in disclosing material conflicts of interest. Transactions between non-executive directors and Heritage are subject to the same terms and conditions that apply to members. Senior executives, company secretaries and other key employees are also required to declare any material interests that could potentially conflict with the interests of Heritage.

Board Performance Assessment

The Board is committed to continuous improvement and is subject to ongoing assessment and an annual internal formal evaluation process of the Board, Board Committees and the individual directors. Heritage complies with APRA Prudential Standard CPS 520: Fit and Proper which requires that those responsible (Responsible Persons) for the management and oversight of an authorised deposit-taking institution have the appropriate skills, experience and knowledge and that they act with honesty and integrity.

The fitness and propriety of Responsible Persons must generally be assessed prior to their initial appointment and then re-assessed annually. Responsible Persons include all directors, senior executives, the company secretary and other key employees.

Board Processes

The Board currently holds 11 scheduled meetings each year, plus any other meetings that may be required from time to time.

Board Committees

To assist in executing its responsibilities the Board has established the following Committees:

- Audit Committee
- Technology Committee
- Risk and Compliance Committee
- Remuneration and Nominations Committee

The roles and responsibilities and current membership of each of these Committees is shown in the table below.

Each Committee operates under its own charter that is reviewed regularly.

The Board may establish other committees or change the committee structure from time to time as the circumstances require. All Board Committee Charters allow them to have access to advice from external advisers, with or without management present, as required.

	Audit Committee	Technology Committee	Risk and Compliance Committee	Remuneration and Nominations Committee
Roles and Responsibilities	Oversight of APRA statutory reporting requirements, financial reporting requirements, professional accounting requirements, internal audit and external audit.	Oversight of the effectiveness of Heritage's technology, strategies, priorities, risks, expenditure and regulatory issues relating to technology.	Oversight of the implementation and operation of the Bank's risk management and compliance frameworks.	Oversight of remuneration policies and strategies, reviewing and considering the composition of the Board and making recommendations regarding appointments, retirements and terms of Directors.
Current Membership	Brendan Baulch – Chairman Wendy Machin Stephen Davis Kerry Betros (ex officio)	Dennis Campbell – Chairman Stephen Davis Peter Clare Kerry Betros (ex officio)	Peter Clare – Chairman Brendan Baulch Dennis Campbell Wendy Machin Kerry Betros (ex officio)	Kerry Betros – Chairman Dennis Campbell Wendy Machin

Details of the members of each Committee, and attendance at Committee meetings during the reporting period, are set out in the Directors' Report on page 4 of Heritage's 2021/22 Financial Report.

Continuing Education

All directors are encouraged and assisted to attend educational courses that serve to enhance their performance as directors. Membership of the Australian Institute of Company Directors (AICD) is paid for by Heritage and directors are actively encouraged to participate in courses offered by the AICD and other providers.

ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

All directors, senior executives and other employees are expected to conduct themselves with the highest ethical standards of corporate behaviour whenever they are engaged in Heritage's business. In this regard, the directors have adopted a Director Code of Conduct, and Heritage has also adopted an Employee Code of Conduct, which outlines the principles and standards with which all employees are required to comply in the performance of their respective duties.

COMMUNICATION

Regular Communication

Customers have access to information about Heritage through the publication of the Member Report, the Financial Report, the Chairman's and CEO's addresses at the Annual General Meeting, and through the release of other important announcements to the media generally and on Heritage's website. Copies of public announcements and Heritage's Member Report and Financial Report are posted on Heritage's website and are made available to the media.

Annual General Meeting

Heritage's members have the opportunity to raise matters with the Board at the Annual General Meeting, generally held in October each year. Heritage's current external auditor attends the Annual General Meeting and is available to answer questions on the conduct of the audit and the contents of the auditor's report, the auditor's independence and any accounting practices employed by Heritage in preparing the financial statements.

Website

Information about the Board, senior executives and the Constitution can be found on Heritage's website under the heading "About".

Corporate Governance continued...

RISK MANAGEMENT

Risk Management Approach

Heritage is committed to implementing appropriate strategies and processes that identify, analyse and manage the risks associated with its activities as a means of realising opportunities and minimising the impact of undesired and unexpected events on its business activities. Heritage has adopted an integrated approach to risk management which meets the international standard ISO 31000 Risk Management. Heritage has an appointed Chief Risk Officer and is compliant with APRA Prudential Standards CPS 220: Risk Management and APS 310: Audit & Related Matters.

Internal Audit

Heritage's Internal Audit function supports the Board by providing certain assurance services. Heritage's internal audit plan is approved by the Audit Committee. The Head of Internal Audit reports to the Chairman of the Audit Committee and to the CEO for day-to-day operational issues as appropriate. The Head of Internal Audit has unfettered access to the Chairman of the Board and the whole Board if required. The Internal Audit function is governed by an Internal Audit Charter.

External Auditor

Heritage's current independent external auditor is KPMG. The key partner representatives are refreshed periodically in accordance with APRA's prudential standards. The external auditor has access to the Audit Committee and the Board through the Chairman of the Board.

Statement by CEO and CFO

Prior to the Board approving the annual financial report, the CEO and the Chief Financial Officer are required to state in writing that Heritage's financial report presents a true and fair view, in all material respects, of Heritage's financial position and operating results and is compliant with the relevant accounting standards.

Privacy

Heritage is committed to the protection of its members' and customers' personal information and Heritage's Privacy Policy is available on Heritage's website.

Diversity

Heritage strives to provide a workplace that promotes gender equality and diversity. You can read the report Heritage submitted to the Workplace Gender Equality Agency as required under the Workplace Gender Equality Act on our website at www.heritage.com.au/about/careers.

CORPORATE GOVERNANCE STATEMENT

A full Corporate Governance Statement has been included in Heritage's 2021/22 Financial Report, which can be found on our website.

BALANCED SCORECARD

Heritage has adopted a Balanced Scorecard as a way of evaluating the performance of our organisation as a whole, and the performance of our Senior Executive Group members. Heritage fully understands that measuring performance purely on financial metrics provides an incomplete picture. As a customer-owned bank, Heritage is not out to maximise profits at all costs – rather, our primary goal is to service our members. We do that not only by ensuring that Heritage remains strong financially, but also by delivering against other metrics.

Our Balanced Scorecard is tied to our four key strategic objectives and includes key result indicators that measure how well we are performing in meeting the overall expectations of our members. The Balanced Scorecard as at 30 June 2022 included the following measures and our ratings for how well we have delivered against them:

BALANCED SCORECARD			
CATEGORY	KEY RESULT AREA	KEY RESULT INDICATOR	RATING
Financial Strength	Build a Bank to be Proud of	Operating Profit Before Tax	Yellow
		Cost to Income %	Red
		After Tax Return / Retained Profits	Yellow
Member	Build and Maintain Existing Customers	Customer Satisfaction	Green
		Active Member Value	Green
Growth	Attract and Grow New Members	Active Membership Growth	Red
		Net Loan Growth	Red
People	Attract and Grow Passionate People	Positive Engagement Score	Green
		Women in top 100	Red
Individual Element	Leading Growth	<ul style="list-style-type: none"> Performance to Budget Effective Management of HR Metrics Effective Management of Risk and Compliance Issues Delivery of Business Plan Initiatives 	(Each senior executive rated individually)

Focus on Enterprise Risk

Maintaining formal and systematic approaches to managing risk at Heritage Bank is more than simply prudent business practice but is also a core regulatory obligation necessary to maintain our authorisation under the Banking Act and our AFS and Credit Licensee status.

RISK MANAGEMENT FRAMEWORK

Heritage Bank manages its financial, non-financial and strategic risks via an overarching Risk Management Framework. This is designed to adapt to changes in our operating environment and incorporates better practice and regulatory, member and community expectations.

The Framework supports the strategies, policies and procedures needed to manage risk and incorporates the requirements of APRA's Prudential Standard CPS220 Risk Management. Fundamental in our approach to managing risk is:

- Our three-year Business Plan which outlines our strategic objectives for success.
- Our Risk Management Strategy which describes the key elements of our Risk Management Framework.
- Our Risk Appetite Statement, which describes the type and degree of risk we are prepared to accept.

HERITAGE RISK MANAGEMENT FRAMEWORK

The framework is delivered through risk policies and procedures, risk architecture (systems, processes, and tools) and is governed via appropriate Board and executive management committees and reporting. The core objective of the framework is to:

- Embed risk based decision making at all levels;
- Provide an enterprise approach that allows for an aggregate view of risk across the Bank;
- Reduce or avoid unnecessary risks;
- Ensure compliance with relevant standards and laws;

- Provide assurance that we are managing risk effectively;
- Promote a positive risk management culture; and
- Clearly articulate and assign accountabilities and responsibilities.

STRENGTHENING THE FRAMEWORK

We have invested significantly in building our framework in recent years, through appointment of additional staff, and a \$10 million investment in Risk and Regulatory Compliance projects.

In 2021/22, we undertook another significant project that will further strengthen and improve our risk management and governance. We commissioned two independent reviews into our risk management and governance frameworks, following our identification in early 2021 of errors in relation to the registration of a number of mortgages held over properties in Victoria. These reviews found that improvements were needed in a number of areas. We shared the results of these reviews with the Australian Prudential Regulation Authority (APRA), who required us to develop an Integrated Remediation Plan (IRP) to improve our performance in these areas. We established an IRP team in early 2022 to develop the plan, which was approved by APRA in July 2022. Development

and implementation of the plan will continue in 2022 and beyond. The aim of this plan is to build a strong risk management and governance framework that will become the benchmark for the mutual banking sector.

In the 2021/22 financial year, we further strengthened our approach to risk management through the following initiatives:

- Developed and began implementing a new Information Security Management System to further strengthen cyber security defences
- Completed Phase 2 of enhancements to the bank's AML/CTF Framework
- Designed and rolled out Line 1 control testing across the organisation
- Completed automated credit scorecards for our new loans origination platform
- Implemented a new Third Party Module in our Group Risk & Compliance System to automate cyber security assessments of external parties.

STAFF RISK CULTURE SURVEY RESULTS

Year	Result
2019	67.5% positive
2020	69.5% positive
2021	73.7% positive
2022	78% positive



The Board



MR KERRY J. BETROS
AM BBus, HonDBus USQ,
FCPA, MAICD

Mr Betros has been a Director of Heritage since 1991. He was appointed to the role of Deputy Chairman in 2011 and became Chairman of Directors in June 2012. He was the inaugural Chairman of Heritage's Finance Committee, Chairman of the Audit Committee and has served on a number of other committees. He is currently Chairman of the Remuneration and Nominations Committee and an ex-officio member on all Board Committees.

Mr Betros is Managing Director of Betros Bros Holdings Pty Ltd and associated companies, Darling Downs based wholesalers and retailers, established in 1938. He graduated from DDIAE (now USQ) with a Bachelor of Business majoring in management and accounting and was awarded the College Medal. He is a Fellow of CPA Australia. For his distinguished service to the community Mr Betros has been awarded the Centenary of Federation Medal and in 2019 received an Honorary Award of Doctor of Business from the University of Southern Queensland for his distinguished career and significant achievement in business, commerce and management.

In 2021, Mr Betros also received one of Australia's highest honours when he was appointed a Member of the Order of Australia (AM). Mr Betros has served on various Boards and been involved with many charitable, community and sporting organisations, including as a Director of St Vincent's Private Hospital.



DR DENNIS P. CAMPBELL
PhD, MBA, FCHSE, CHE,
FAIM, GAICD
Deputy Chairman

Dr Campbell was previously a Chief Executive Officer in both the public and private health sectors. He held the position of CEO at St Vincent's Hospital, Toowoomba for ten years. He also served as a Corporate Director with Legal Aid, Queensland for ten years. He serves as a member of numerous Boards and Advisory Committees, representing both public and private health sectors and has legal and health qualifications. Dr Campbell joined the Heritage Bank Board in 2000 and became Chairman of the Finance Committee on 19 July 2012 and is a member of the Remuneration and Nominations Committee. He also serves as a trustee of the Queensland

Museum Foundation, is Chairperson of the Friends Executive Committee of the Cobb & Co Museum, Toowoomba and is Deputy Chairman of the Darling Downs Hospital and Health Board. In 2007, he was awarded an Australia Day Medallion for his services to the Australian College of Health Service Executives. In 2008, he was awarded the Gold Medal for Leadership and Achievement in Health Services Management recognising his contribution and professional achievements in shaping health care policy at the institutional, state and national levels. He was also awarded the Queensland Museum Medal in 2021.

Dr Campbell was appointed Deputy Chairman of Heritage on 21 June 2012.



MR BRENDAN P. BAULCH
BCom, LLB, CA, MAICD

Mr Baulch is a Chartered Accountant based in Toowoomba. He began his career with PriceWaterhouse in their corporate tax division

in Melbourne, after which he spent a total of eight years in London, gaining international accounting experience in a range of business sectors including telecommunications (Cable & Wireless plc), investment banking (Société Générale) and insurance (Lloyd's of London). He is principal of Baulch & Associates, a Toowoomba-based accounting practice providing taxation, audit and management accounting services. Mr Baulch is a registered tax agent and a registered company auditor. He was appointed a Director in 2007, and is Chairman of the Audit Committee and a member of the Risk and Compliance Committee. He is also Chairman of the Board of Trustees of Toowoomba Grammar School, which is one of the eight members of the Great Public Schools Association ("GPS") of Queensland.



MR PETER CLARE
B.Com, MBA, FCPA, MAICD

Mr Peter Clare joined the Heritage Board in April 2020. He is the Chairman of the Risk and Compliance Committee and a member of the

Technology Committee. Mr Clare boasts an exceptional banking resume and wide industry experience. He began his career as an Insolvency Practitioner with firms BO Smith and Son, Howarth and Howarth, and Ferrier Hodgson. After moving into banking, Mr Clare held senior roles at Commonwealth Bank,

and served on the senior executive leadership teams at both St George and Westpac. That included a two-and-a-half period up to 2014 as the CEO of Westpac New Zealand. In recent years, he has served on a variety of boards in the technology and finance industries in Australia. Mr Clare holds a Bachelor of Commerce from the University of New South Wales and an MBA from Macquarie University.



MR STEPHEN DAVIS
AAPI, MAICD

Mr Davis is a registered valuer and previously a licensed auctioneer and real estate agent. He is also the Managing Director of Australian

Strata Title Services Pty Ltd trading as Toowoomba Body Corporate Management. Mr Davis has been involved in community organisations and is currently the Deputy Chairman and Treasurer of the Toowoomba Hospice Association. Mr Davis was appointed to the Heritage Bank Board on 1 July 2011 and is a member of the Audit and Technology Committees. Mr Davis was appointed as an inaugural director of Heritage Bank Charitable Foundation from 2018.



MS WENDY MACHIN
B.A. (Communication),
M.Com, GAICD

Ms Machin was appointed to the Heritage Bank Board in March 2019. She is a member of the Risk and

Compliance Committee, Remuneration and Nominations Committee and Audit Committee. She has extensive experience in business, government and the member-owned sector with a particular focus on regional Australia. Ms Machin spent four years as Chair of the Customer Owned Banking Association (COBA), the peak body for customer-owned financial institutions in this country. She is currently Chair of Reflections Holiday Parks and the NSW Government Road Reclassification and Transfer Review. She is a Director of Golf Australia and Vice Chairman of the NSW Nationals. She has previously been the President and Chair of the NRMA; a Director of Destination NSW, Chair of ANCAP, Director of the NSW Forestry Corporation, a Director of the Australian Automobile Association and the National Occupation Licensing Authority; as well as spending 11 years as a Member of the NSW Legislative Assembly, including a period as Minister for Consumer Affairs. She operates a large beef cattle property on the mid north coast of NSW.

Senior Executive Group



MR PETER LOCK,
Chief Executive Officer

Mr Lock has more than 35 years' experience in the financial services industry spanning insurance, institutional banking, business

development, business banking and corporate banking. He has held senior management roles at the Bank of Melbourne, St George Bank and the Commonwealth Bank, following a career with the National Australia Bank.

Mr Lock is a Senior Fellow of the Financial Services Institute of Australasia, and a Graduate Member of the Australian Institute of Company Directors. Mr Lock holds a Bachelor of Business and Master of Business Administration from the University of South Australia, and a Graduate Diploma in Applied Finance from the Finance and Securities Institute of Australia.

He is also a Board member of the Customer Owned Banking Association (COBA) and the Business Council of Cooperatives and Mutuals (BCCM).



MS MARGO DEWAR,
Chief People Officer

Ms Dewar joined Heritage Bank in 2009 and has over 17 years' experience in human resources. She was appointed Chief People

Officer in March 2019 and is responsible for the bank's overall human resources strategy, leading this function across recruitment, learning and development, employee relations, health and safety, organisational development and change management. Ms Dewar holds a Master's degree from the University of Southern Queensland and a Bachelor of Business (Human Resources) from Queensland University of Technology.



MR DAN DREDGE,
Chief Operating Officer

Mr Dan Dredge joined Heritage in 2018 as Head of Corporate Development before moving into the role of Chief Operating Officer in

April 2020. He has over 18 years' experience in the finance industry across banking and insurance. Mr Dredge holds a Bachelor of Commerce, Bachelor of Economics and an MBA from University of Queensland.



MR WAYNE MARCHANT,
Chief Information Officer

Mr Wayne Marchant was appointed Chief Information Officer in December 2016 after initially joining the Bank as Interim

CIO, consulting to Heritage through 451 Consulting. Mr Marchant has more than 26 years in IT management across large and medium businesses in a diverse range of industry sectors.



MR STEPHEN OWENS,
Chief Risk Officer

Mr Stephen Owens re-joined Heritage in June 2019 as the Head of Risk and Compliance before taking on the Chief Risk Officer role

in April 2020. Mr Owens is responsible for developing appropriate frameworks and overseeing Heritage's approach to credit, financial and operational risk, and regulatory compliance. He holds a Bachelor's degree in Management and an MBA in Business Administration.



MR KEVIN POTTER,
Chief Customer Officer

Mr Kevin Potter joined Heritage in March 2017 as Chief Operating Officer before moving into the role of Chief Customer Officer in April

2018. As Chief Customer Officer, Mr Potter is responsible for the customer facing aspects of business through Heritage's retail branches including the community branch model, business banking, customer contact centre, and broker distribution channel.



MR DARREN STEPHENS,
Chief Transformation Officer

Mr Stephens joined Heritage in December 2016 as Chief People Officer before moving into the role of Chief

Transformation Officer in March 2019. He is responsible for fast tracking key projects to transform the way Heritage operates to accelerate its goal of becoming a digital bank with a physical presence.



MR PAUL WILLIAMS,
Chief Financial Officer

Mr Paul Williams joined Heritage in 2000 and is currently the Chief Financial Officer for Heritage Bank. He is responsible for financial

accounting, analysis and reporting, business and operational strategy formulation and implementation, capital markets and financial risk management activities. Mr Williams holds a Bachelor's degree from the University of Queensland, a Master's degree from the University of Cambridge in the UK, an MBA from the University of Southern Queensland and a Graduate Diploma in Applied Finance from the Finance and Securities Institute of Australia.



MR BENN WOGAN,
General Counsel and Company Secretary, BCom, LLB, MBA

Mr Benn Wogan joined Heritage on a permanent basis in March 2018, prior to which he

performed the Heritage General Counsel role on a secondment basis since September 2017. He previously held Legal Director and Senior Legal Counsel roles with PwC and has worked as a corporate and commercial lawyer in private practice and in-house roles across Australia and New Zealand. He holds law and commerce degrees from the University of Canterbury, Christchurch New Zealand and a Masters of Business Administration from Macquarie Graduate School of Management, Sydney.



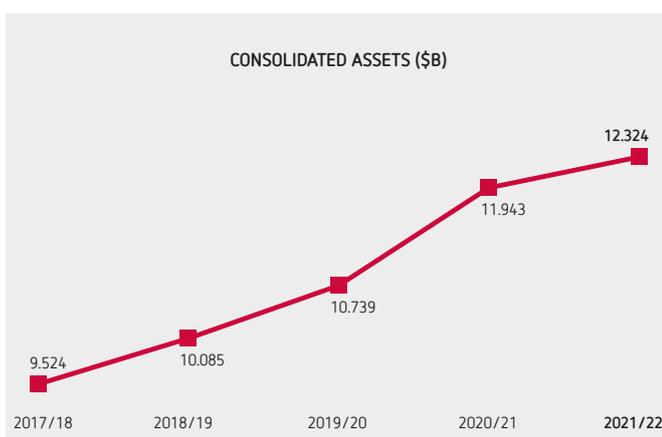
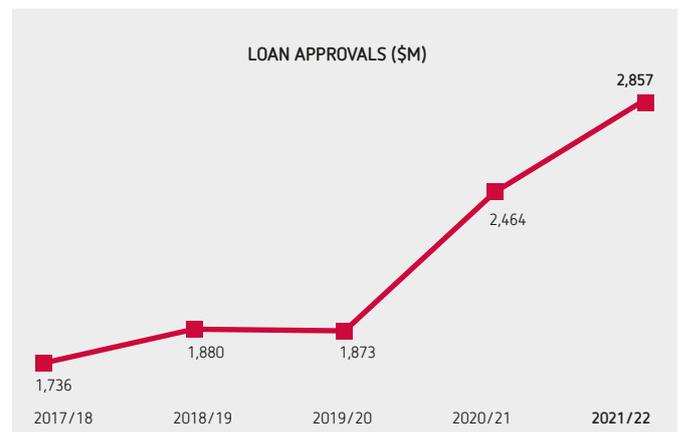
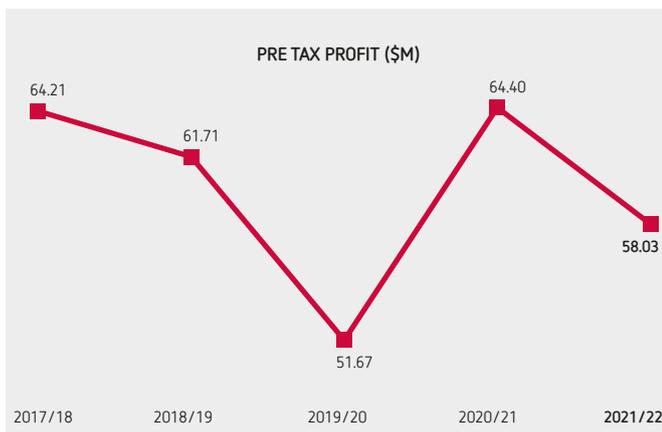
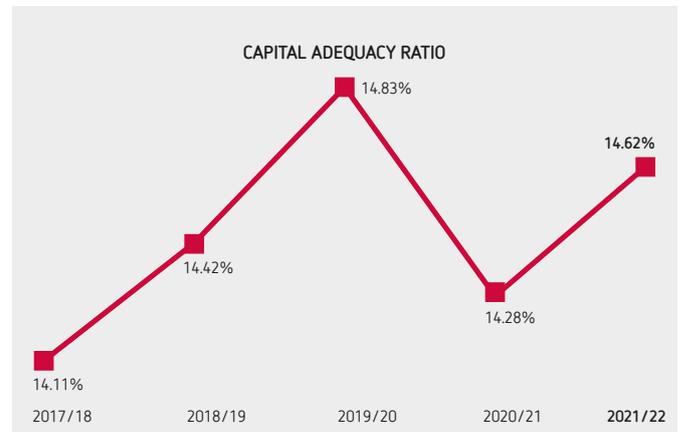
MS AMANDA TEMPERLY,
General Manager Marketing

Ms Amanda Temperly joined Heritage in 2016 and was appointed as General Manager, Marketing in 2019.

She has more than 30 years' experience in implementing high performing brand and marketing strategies across the financial services, health, entertainment, superannuation and professional service industry sectors in Australia, Asia and the UK. Her current responsibilities include strategic management of the Bank's brand, customer insights, digital sales, corporate communications, sponsorship, website and all marketing campaign initiatives. Amanda holds postgraduate degrees in Communications and Business Administration.

Financial Highlights

	2022	2021
Profit before tax	\$58.027 million	\$64.396 million
Profit after tax	\$40.539 million	\$44.810 million
Loan approvals	\$2.857 billion	\$2.464 billion
Total consolidated assets	\$12.324 billion	\$11.943 billion
Capital adequacy	14.62%	14.28%
Liquidity	18.99%	24.30%
Mortgage loan arrears greater than 30 days	0.23%	0.45%





BOARD OF DIRECTORS 2022

Back L to R: Mr Brendan Baulch, Mr Peter Clare, Mr Stephen Davis.
Front L to R: Ms Wendy Machin, Mr Kerry Betros, Dr Dennis Campbell.



SENIOR EXECUTIVE GROUP 2022

Back L to R: Ms Amanda Temperly, Mr Paul Williams, Mr Stephen Owens,
Mr Darren Stephens, Mr Peter Lock, Mr Benn Wogan.
Front L to R: Mr Dan Dredge, Mr Kevin Potter, Ms Margo Dewar, Mr Wayne Marchant.

 [heritage.com.au](https://www.heritage.com.au)

Heritage Bank
People first.

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