



People First
Bank

2025 Financial Report

150 Years of
Purpose-Driven
Banking



Acknowledgement of Country

People First Bank acknowledges the Traditional Custodians of the many lands on which we live and work across Australia. We recognise their custodianship which has lasted unbroken for more than 60,000 years and which continues today. We pay our respect to Aboriginal and Torres Strait Islander cultures and to Elders past, present and future.

About this report

The 2025 Financial Report outlines the financial performance of People First Bank for the 12 months ended 30 June 2025.

People First Bank, People's Choice Credit Union ('People's Choice'), and Heritage Bank are all trading names of Heritage and People's Choice Limited.

The 2025 Customer Report, which details our performance and impact on our customers, community, environment, people and governance, is available on our websites.

Also available on our websites are our Modern Slavery Statement and Workplace Gender Equality Agency Report. Our Carbon Neutral disclosure is available via the Climate Active website.

Heritage and People's Choice Limited

Financial Report for the year ended 30 June 2025

Contents

4	Directors' Report
7	Directors' Declaration
8	Independent Auditor's Report
10	Lead Auditor's Independence Declaration
11	Statements of Profit or Loss and Other Comprehensive Income
12	Statements of Financial Position
13	Statements of Changes in Customer Owners' Funds
15	Statements of Cash Flows
17	Notes to the Financial Statements
68	Consolidated Entity Disclosure Statement
69	Corporate Governance Statement



The Directors present their report together with the financial report of Heritage and People's Choice Limited (trading as People First Bank), and its controlled entities (together referred to as the **Group**), for the year ended 30 June 2025 and the Auditor's Report.

DIRECTORS

The Directors of the Group at any time during or since the end of the financial year were:

Michael A. Cameron
Non-Executive Chairman and Independent Director
BBus, FCA, FCPA, FAICD

Kerry J. Betros AM (retired 15 November 2024)
Deputy Chairman and Independent Director
BBus, HonDBus USQ, FCPA, MAICD

Brendan P. Baulch
Independent Director
BCom, LLB, FCA, MAICD

Dennis P. Campbell
Independent Director
PhD, MBA, FCHSE, CHE, FAIM, GAICD

Peter Clare
Independent Director
BCom, MBA, FCPA, FSIA, FGIA, FAICD

Stephen Davis
Independent Director
AAPI, MAICD

Amanda E. Heyworth
Independent Director
BA (Accounting), MBA (AGSM), FAICD

Virginia S. Hickey
Independent Director
BA, LLB, FAICD

Wendy Machin
Independent Director
BA (Communication), MCom, GAICD

John P. Patton
Independent Director
FCA, MAICD

Wendy Thorpe
Independent Director
BA, BBus, GradDip, AppFin & Inv, AMP (Harvard), GAICD, FFin

Georgina Williams (retired 15 November 2024)
Independent Director
BCom, BA, GAICD

Directors were in office from the beginning of the financial year until the date of this report, except where indicated otherwise.

Details of Directors, their experience and any special responsibilities, are available from our websites at www.peopleschoice.com.au and www.heritage.com.au.

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors during the financial year is shown in the Corporate Governance Statement.

COMPANY SECRETARY

Ms Taryn Shearn LLB (Hons), BCom was appointed to the position of Company Secretary on 2 February 2017.

PRINCIPAL ACTIVITIES

People First Bank is a mutual Authorised Deposit-taking Institution that is incorporated and domiciled in Australia. The principal activities of the Group during the year were the provision of financial products and services to customers. There has been no significant change in the nature of these activities during the year.

DIVIDENDS

People First Bank's Constitution prohibits the payment of dividends on customer owner shares.

STATE OF AFFAIRS

In the opinion of the Directors, there have been no significant change in the state of affairs of the Group during the year ended 30 June 2025 not otherwise contained in the Directors' Report or the financial statements.

REVIEW OF OPERATIONS

The Group reported a profit after tax for the financial year ended 30 June 2025 of \$44.1 million (2024: \$41.4 million). This represents a 6.5% increase compared to the previous year.

The underlying profit after tax excluding costs associated with integration activities was \$83.4 million.

Total consolidated assets increased by 3.5% to \$25.3 billion (2024: \$24.5 billion).

EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of People First Bank, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of such information is likely to result in unreasonable prejudice to the Group.

REGULATORY DISCLOSURES

Prudential Standard APS 330 *Public Disclosure* requires the Group to meet minimum requirements for the public disclosure of information on its risk exposures, risk management practices, capital adequacy and capital instruments to contribute to the transparency of the financial markets and to enhance market discipline. This information is published on our websites at www.peopleschoice.com.au under Regulatory Disclosures and at www.heritage.com.au under Prudential Information.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, People First Bank paid a premium in relation to a Directors' and Officers' liability insurance policy indemnifying the Directors and its Executives against certain liabilities. The insurance contract prohibits the disclosure of the nature of the liabilities insured against and the premium paid in respect of that insurance.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

The Lead Auditor's Independence Declaration is set out on page 10 and forms part of the Directors' Report for the year ended 30 June 2025.

ROUNDING

The Company is of a kind referred to in the Australian Securities & Investment Commission Corporations (Amendment) Instrument 2016/191 and in accordance with that Rounding Instrument, the Company has applied an alternative rounding factor and amounts in the Financial Report and Directors' Report have been rounded to the nearest million dollars, unless otherwise stated.

Signed on the 30 September 2025

in accordance with a resolution of the Board of Directors.



M. A. CAMERON
Chairman

Directors' Declaration

In the opinion of the Directors of Heritage and People's Choice Limited:

- a) the financial statements and notes of Heritage and People's Choice Limited and of the Group, set out on pages 11 to 67 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of Heritage and People's Choice Limited and the Group's financial position as at 30 June 2025 and of their performance, for the financial year ended on that date;
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b) the financial statements also comply with the International Financial Reporting Standards as disclosed in Note 2;
- c) the consolidated entity disclosure statement, as set out on page 68 is prepared in accordance with the *Corporations Act 2001* (s.295(3A)(a)) and is true and correct; and
- d) there are reasonable grounds to believe that Heritage and People's Choice Limited will be able to pay its debts as and when they become due and payable.

Signed on the 30 September 2025

in accordance with a resolution of the Board of Directors.



M. A. CAMERON
Chairman



Independent Auditor's Report

To the members of Heritage and People's Choice Limited

Opinion

We have audited the consolidated Financial Report of Heritage and People's Choice Limited (the Group Financial Report). We have also audited the Financial Report of Heritage and People's Choice Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report gives a true and fair view, including of the **Group's** and of the **Company's** financial position as at 30 June 2025 and of their financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** comprise:

- Statements of financial position as at 30 June 2025;
- Statements of profit or loss and other comprehensive income, Statements of changes in customer owners' funds, and Statements of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Heritage and People's Choice Limited's annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

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

In connection with our audit of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.



We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and the Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and Company, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether the Financial Reports as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Reports is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our Auditor's Report.

The KPMG logo, consisting of the letters 'KPMG' in a bold, sans-serif font, with a stylized graphic of four vertical bars of increasing height to the left of the letters.

KPMG

A handwritten signature in black ink, appearing to read 'Scott Guse'.

Scott Guse
Partner

Brisbane
30 September 2025

Lead Auditor's Independent Declaration



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

To the Directors of Heritage and People's Choice Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Heritage and People's Choice Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The KPMG logo, consisting of the letters 'KPMG' in a bold, sans-serif font, with a stylized graphic of four vertical bars of increasing height to the left of the text.

KPMG

A handwritten signature in black ink, appearing to read 'Scott Guse'.

Scott Guse
Partner

Brisbane
30 September 2025

Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated		Parent	
		2025 \$m	2024 \$m	2025 \$m	2024 \$m
Interest income	4	1,305.8	1,244.4	1,443.8	1,400.9
Interest expense	4	(798.4)	(754.7)	(955.7)	(930.5)
Net interest income		507.4	489.7	488.1	470.4
Share in net profit/(loss) of equity accounted investees	22	0.6	1.4	-	-
Other income	5	80.7	74.8	102.7	91.7
Non-interest income		81.3	76.2	102.7	91.7
Net release/(impairment charge) on loans and advances	10	0.5	0.7	0.5	0.7
Other expenses	6	(529.1)	(508.3)	(525.4)	(505.7)
Profit before tax		60.1	58.3	65.9	57.1
Income tax expense	7	(16.0)	(16.9)	(17.7)	(16.6)
Profit for the year		44.1	41.4	48.2	40.5
Profit attributable to:					
Customer owners		44.1	41.4	48.2	40.5
Other Comprehensive Income					
Items that may be reclassified subsequently to profit or loss					
Movement in cashflow hedge reserve:					
Cash flow hedges - effective portion of changes in fair value		16.6	(5.8)	16.6	(5.8)
Cash flow hedges - reclassified to profit or loss		(0.7)	(30.3)	(0.7)	(30.3)
Changes in fair value of debt investments held at FVOCI		15.0	-	15.0	-
Income tax on comprehensive income		(9.3)	10.8	(9.3)	10.8
Items that will not be reclassified subsequently to profit or loss					
Changes in fair value of equity investments held at FVOCI		12.9	-	12.9	-
Income tax on comprehensive income		(3.9)	-	(3.9)	-
Other comprehensive income/(loss), net of income tax		30.6	(25.3)	30.6	(25.3)
Total comprehensive income for the year		74.7	16.1	78.8	15.2

The accompanying notes form part of these financial statements.

Statements of Financial Position

AS AT 30 JUNE 2025

	Note	Consolidated		Parent	
		2025	2024	2025	2024
		\$m	\$m	\$m	\$m
Assets					
Cash and cash equivalents	8	309.4	283.2	170.5	141.7
Loans and advances	9	21,072.3	20,314.4	21,072.3	20,314.4
Derivative assets	11	19.6	5.9	19.0	3.8
Investment securities	12 a)	3,668.2	3,551.9	3,668.2	3,551.9
Other investments	12 b)	41.6	97.0	2,792.6	2,870.8
Property, plant and equipment	20	57.9	66.2	57.9	66.2
Intangible assets	21	11.5	16.9	11.5	16.9
Interest in equity accounted investees	22	4.2	12.9	1.5	4.2
Deferred tax assets	7	58.6	62.4	59.4	65.0
Other assets	13	87.2	64.1	89.8	71.3
Total assets		25,330.5	24,474.9	27,942.7	27,106.2
Liabilities					
Deposits	14	20,478.1	19,883.8	20,478.1	19,884.4
Derivative liabilities	11	2.4	5.9	2.4	5.9
Other payables	15	237.6	250.4	223.9	250.3
Current tax payable	7	0.8	0.8	0.8	0.8
Lease liabilities	20 b)	28.6	41.5	28.6	41.5
Borrowings	16	3,043.2	2,827.6	5,672.3	5,467.2
Provisions	23	52.2	52.0	52.2	52.0
Total liabilities		23,842.9	23,062.0	26,458.3	25,702.1
Net assets		1,487.6	1,412.9	1,484.4	1,404.1
Customer owners' funds					
Retained earnings		604.1	533.5	600.9	524.7
Reserves	24	883.5	879.4	883.5	879.4
Total customer owners' funds		1,487.6	1,412.9	1,484.4	1,404.1

The accompanying notes form part of these financial statements.

Statements of Changes in Customer Owners' Funds

FOR THE YEAR ENDED 30 JUNE 2025

Consolidated	Retained Earnings \$m	Reserves \$m	Total \$m
Opening balance at 1 July 2024	533.5	879.4	1,412.9
Profit after tax for the year	44.1	-	44.1
Other comprehensive income, net of income tax			
Cash flow hedges:			
Effective portion of changes in fair value	-	11.6	11.6
Reclassified to profit or loss	-	(0.5)	(0.5)
Change in fair value of financial assets held at FVOCI	-	19.5	19.5
Reclassification on sale of shares in unlisted entities held at FVOCI	26.5	(26.5)	-
Total other comprehensive income for the year	26.5	4.1	30.6
Closing balance at 30 June 2025	604.1	883.5	1,487.6

Opening balance at 1 July 2023	492.1	904.7	1,396.8
Profit after tax for the year	41.4	-	41.4
Other comprehensive income, net of income tax			
Cash flow hedges:			
Effective portion of changes in fair value	-	(4.1)	(4.1)
Reclassified to profit or loss	-	(21.2)	(21.2)
Total other comprehensive loss for the year	-	(25.3)	(25.3)
Closing balance at 30 June 2024	533.5	879.4	1,412.9

The accompanying notes form part of these financial statements.

Statements of Changes in Customer Owners' Funds (continued)

FOR THE YEAR ENDED 30 JUNE 2025

Parent	Retained Earnings \$m	Reserves \$m	Total \$m
Opening balance at 1 July 2024	524.7	879.4	1,404.1
Profit after tax for the year	48.2	-	48.2
Other comprehensive income, net of income tax			
Cash flow hedges:			
Effective portion of changes in fair value	-	11.6	11.6
Reclassified to profit or loss	-	(0.5)	(0.5)
Change in fair value of financial assets held at FVOCI	-	19.5	19.5
Reclassification on sale of shares in unlisted entities held at FVOCI	26.5	(26.5)	-
Distribution of net assets of wholly owned subsidiary on deregistration	1.5	-	1.5
Total other comprehensive income for the year	28.0	4.1	32.1
Closing balance at 30 June 2025	600.9	883.5	1,484.4

Opening balance at 1 July 2023	484.2	904.7	1,388.9
Profit after tax for the year	40.5	-	40.5
Other comprehensive income, net of income tax			
Cash flow hedges:			
Effective portion of changes in fair value	-	(4.1)	(4.1)
Reclassified to profit or loss	-	(21.2)	(21.2)
Total other comprehensive loss for the year	-	(25.3)	(25.3)
Closing balance at 30 June 2024	524.7	879.4	1,404.1

The accompanying notes form part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated		Parent	
		2025 \$m	2024 \$m	2025 \$m	2024 \$m
Cash from operating activities					
Interest received		1,307.8	1,228.3	1,446.2	1,384.8
Interest paid		(833.8)	(721.0)	(994.1)	(875.0)
Fees and commission received		49.3	82.5	69.1	102.5
Other income received		0.6	1.3	0.6	1.3
Net increase in loans and advances		(757.4)	(1,191.8)	(757.4)	(1,191.8)
Net increase in deposits and short term borrowings		594.3	1,072.6	593.8	1,073.2
Proceeds from close out of derivatives		1.9	16.2	1.9	16.2
Payments to employees and suppliers		(476.1)	(402.0)	(484.3)	(423.9)
Income taxes paid		(26.4)	(27.0)	(26.4)	(27.0)
Net cash (used in)/from operating activities	28	(139.8)	59.1	(150.6)	60.3
Cash from investing activities					
Acquisition of investment securities		(2,753.2)	(4,239.5)	(2,753.2)	(4,239.5)
Disposals of investment securities		2,651.9	3,794.9	2,651.9	3,794.9
Disposal / (acquisition) of other investments		74.2	30.1	98.1	1,186.2
Acquisition of property plant and equipment		(10.5)	(7.3)	(10.5)	(7.3)
Dividends received		7.1	2.2	7.1	2.2
Net cash (used in)/from investing activities		(30.5)	(419.6)	(6.6)	736.5
Cash from financing activities					
Repayments of lease liabilities		(18.9)	(19.2)	(18.9)	(19.2)
Proceeds from borrowings		100.0	399.3	100.0	399.3
Proceeds from RMBS issue		1,241.9	1,616.9	1,116.1	671.7
Repayment of borrowings		(50.4)	(764.3)	(1,011.2)	(2,206.5)
Payments to noteholders		(1,076.1)	(1,250.2)	-	-
Net cash from/(used in) financing activities		196.5	(17.5)	186.0	(1,154.7)
Net (decrease)/increase in cash and cash equivalents		26.2	(378.0)	28.8	(357.9)
Cash and cash equivalents at 1 July		283.2	661.2	141.7	499.6
Cash and cash equivalents at 30 June	8	309.4	283.2	170.5	141.7

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. About our financial statements.....	17
2. Basis of preparation.....	17
3. New accounting standards.....	18

Financial Performance

4. Net interest income	19
5. Other income	20
6. Other expenses.....	21
7. Income tax	22

Financial Instruments and Risk Management

8. Cash and cash equivalents	25
9. Loans and advances	26
10. Impairment of loans and advances.....	27
11. Derivatives.....	32
12. Investments.....	35
13. Other assets	36
14. Deposits.....	36
15. Other payables.....	37
16. Borrowings	37
17. Standby borrowing facilities.....	38
18. Risk management.....	39
19. Fair value of financial instruments.....	48

Other Disclosures

20. Property, plant and equipment.....	52
21. Intangible assets.....	55
22. Equity accounted investees.....	56
23. Provisions	59
24. Reserves.....	59
25. Related parties.....	60
26. Transfer of financial assets.....	62
27. Key management personnel.....	63
28. Notes to the statements of cash flow	65
29. Commitments.....	66
30. Contingent assets and liabilities	66
31. Auditor's remuneration.....	66
32. Events subsequent to reporting date	67

Notes to the Financial Statements

1. ABOUT OUR FINANCIAL STATEMENTS

On 30 September 2025 the Directors resolved to authorise the issue of the consolidated financial statements for Heritage and People's Choice Limited (trading as People First Bank, Heritage Bank and People's Choice Credit Union) and its controlled entities (together, the **Group**) for the year ended 30 June 2025.

The parent entity, Heritage and People's Choice Limited, is a for-profit entity that is incorporated and domiciled in Australia. The nature of operations and principal activities of the Group is the provision of financial products and services to customers. There have been no significant change in the nature of these activities during the year.

Information in the financial statements is included to the extent that it is material and relevant. The Group considers a disclosure material and relevant if, for example:

- the amount is significant in size;
- the information is significant in nature;
- the user cannot understand the Group's results without the specific disclosure; and
- the information is required under legislative requirements of the *Corporations Act 2001*.

The registered office is 6th Floor, 400 Ruthven Street, Toowoomba, Queensland, Australia, 4350.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**), the *Corporations Act 2001*, and International Financial Reporting Standards (**IFRS**) and interpretations published by the International Accounting Standards Board.

People First Bank holds an Australian Financial Services Licence and has therefore applied Australian Securities & Investment Commission (**ASIC**) Class Order CO 2021/195 and has presented both parent company and consolidated entity financial statements in this financial report.

b) Basis of measurement

The Group has prepared the financial information in accordance with the historical cost convention, except for the following assets and liabilities which are stated at their fair value:

- Derivative financial instruments;
- Investment securities held at FVOCI;
- Shares in unlisted entities; and
- Freehold land and buildings.

The financial report has been prepared on a going concern basis.

c) Functional and presentation currency

The financial report is presented in Australian dollars, which is People First Bank's functional currency, and all values have been rounded to the nearest million dollars (\$m) unless otherwise stated under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

d) Use of judgements and estimates

The preparation of a financial report in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable when making the judgement about the carrying values of assets and liabilities that are not readily apparent from other sources.

2. BASIS OF PREPARATION (continued)

d) Use of judgements and estimates (continued)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are described in the following notes:

- Note 10 Impairment of loans and advances
- Note 19 Fair value of financial instruments
- Note 20 Property, plant and equipment
- Note 21 Intangible assets

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. NEW ACCOUNTING STANDARDS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025 and earlier application is permitted. The Group however, has not early adopted them in preparing this financial report as those standards remain subject to ongoing assessment. These standards are not expected to have a material impact on the Group's financial statements with the exception of AASB 18 detailed below.

AASB 18 *Presentation and Disclosure in the Financial Statements* (for profit entities) was issued in June 2024 and will be effective for the Group on 1 July 2027. The new standard on presentation and disclosure in financial statements focuses on significant updates to the income statements with greater disaggregation of information to enhance transparency, comparability and consistency on how financial measures are communicated.

The new key concepts relate to the structure of the statements, required disclosures for certain profit or loss performance measures that are reported outside an entity's financial statements (management-defined performance measures) and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Management will assess the requirements of AASB 18, and evaluate data, systems, process, controls and reporting considerations in order to transition to the new standard.

Notes to the Financial Statements (continued)

Financial Performance

4. NET INTEREST INCOME

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Interest income				
Cash and investment securities	195.3	191.9	187.0	178.9
Loans and advances	1,109.5	1,023.9	1,109.5	1,023.9
Interest rate derivatives	1.0	28.6	9.8	7.9
Other investments	-	-	137.5	190.2
Total interest income	1,305.8	1,244.4	1,443.8	1,400.9
Interest expense				
Deposits	621.8	598.1	621.8	598.1
Borrowings	176.6	156.6	333.9	332.4
Total interest expense	798.4	754.7	955.7	930.5
Net interest income	507.4	489.7	488.1	470.4

Recognition and measurement

The Group recognises interest income and interest expense using the effective interest rate (**EIR**) method for financial assets and liabilities which are held at amortised cost. The EIR is the rate that discounts estimated future cash receipts or payments over the expected life of the financial asset or liability to the gross carrying amount or amortised cost.

The Group recognises fees and costs that form an integral part of the financial instrument (for example, loan origination fees and transaction costs) as part of interest income or expense. These incremental fees and costs are directly attributable to the acquisition or issue of a financial asset or financial liability. For purchased or originated credit impaired financial assets a credit adjusted effective interest rate is calculated using estimated cash flows including expected credit losses.

Notes to the Financial Statements (continued)

5. OTHER INCOME

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Loan fees, banking fees and other commissions	49.0	46.6	64.4	63.1
Insurance commissions	26.2	25.6	26.2	25.6
Sale of shares in associate	2.7	-	4.4	-
Dividends received	2.2	1.8	7.1	2.2
Other income	0.6	0.8	0.6	0.8
Total other income	80.7	74.8	102.7	91.7

Recognition and Measurement

Loan fees, banking fees and other commissions

Loan fees, banking fees and other commissions that do not form an integral part of the EIR are recognised when the performance obligation is satisfied, which is at the point of time or over a period of time when the customer benefited from the service provided by the Group.

Insurance commissions

The Group recognises insurance commission revenue when the Group acts in the capacity as an agent and refers insurance policies with third party insurers and the performance obligation is satisfied. The performance obligation includes initial referrals, policy renewals and ongoing processing and promotion obligations. The total consideration to be received under the contract is calculated and allocated to separate performance obligations, with the revenue recognised over time as each performance obligation is completed.

Sale of shares in associate

On 2 May 2025, the Group disposed of its investment in Data Action Pty Ltd, representing 27.5% of the issued share capital. Prior to disposal, the investment was classified as an associate and accounted for under the equity method. Refer to Note 22 Equity accounted investees for further details.

Dividends received

Dividends from other investments are recognised when the right to receive the dividend has been established.

Notes to the Financial Statements (continued)

6. OTHER EXPENSES¹

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Personnel				
Salaries and related costs	246.3	242.0	246.0	241.8
Superannuation	25.7	22.2	25.7	22.1
Total personnel expense	272.0	264.2	271.7	263.9
Occupancy				
Occupancy expenses	20.1	15.3	20.1	15.3
Depreciation of property, plant and equipment	24.5	27.6	24.5	27.6
Impairment of land held for development	-	7.1	-	7.1
Lease liability interest expense	1.2	1.4	1.2	1.4
Total occupancy expense	45.8	51.4	45.8	51.4
Information technology				
Information technology costs	69.8	55.8	69.8	55.8
Amortisation of intangible computer software	3.7	4.3	3.7	4.3
Total information technology expense	73.5	60.1	73.5	60.1
Operating and administrative				
Administrative expenses	66.8	70.0	63.5	67.4
Marketing costs	17.9	18.0	17.8	18.3
Distribution channel costs	51.3	42.8	51.3	42.8
Amortisation of core deposit intangible	1.8	1.8	1.8	1.8
Total operating and administrative expense	137.8	132.6	134.4	130.3
Total other expenses	529.1	508.3	525.4	505.7

¹ Other expenses includes \$56.2m (2024: \$34.7m) of costs incurred during the financial year associated with integration activities. These costs include Personnel expenses \$36.8m (2024: \$21.1m), Information technology expenses \$6.3m (2024: \$4.0m) and Operating and administrative expenses \$13.1m (2024: \$9.6m).

Recognition and Measurement

Personnel

Personnel include employee entitlements and other entitlements. The Group accrues annual leave and other entitlements expected to be paid within twelve months using remuneration rates that the Group expects to pay when the liabilities are settled. Staff expenses are recognised over the period the employee renders their service.

Long service entitlements are accrued for all employees from their date of commencement. Long service leave is calculated by discounting to present value using assumptions relating to staff departures, leave utilisation, future salary increases and expected years of service.

Occupancy

Occupancy costs include outgoings, maintenance costs and depreciation expenses associated with operating leases on properties which are recognised as a right of use (**ROU**) asset in accordance with AASB 16 *Leases*. The Group recognises its right to use an underlying leased asset over the lease term as a ROU asset, and its obligation to make lease payments as a lease liability. The Group recognises depreciation expense on the ROU asset and interest expense on the lease liability over the term of the lease.

Further information is included in Note 20 Property, plant and equipment.

The Group has elected not to recognise ROU assets and lease liabilities for leases of low value assets. These costs have been included in information technology expenses.

Notes to the Financial Statements (continued)

7. INCOME TAX

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Profit before tax	60.1	58.3	65.9	57.1
Tax at the tax rate of 30% (2024: 30%)	18.0	17.5	19.8	17.1
Adjust for tax effect of:				
Fully franked dividends received	(3.0)	(0.7)	(3.0)	(0.7)
Sundry items	1.0	0.1	0.9	0.2
Income tax expense	16.0	16.9	17.7	16.6
The components of tax expense comprise:				
Current tax	14.4	14.7	14.2	14.7
Deferred tax	1.6	2.2	3.5	1.9
Income tax expense	16.0	16.9	17.7	16.6
Income tax recognised in other comprehensive income				
Net gain/(loss) on cash flow hedges	4.8	(10.8)	4.8	(10.8)
Net gain/(loss) on investments held at FVOCI	8.4	-	8.4	-
Income tax in other comprehensive income	13.2	(10.8)	13.2	(10.8)
Current tax payable	(0.8)	(0.8)	(0.8)	(0.8)
Deferred tax assets comprise:				
<i>Amounts recognised in profit or loss</i>				
Allowance for expected credit loss	7.0	7.5	7.0	7.5
Employee benefits	12.3	12.5	12.3	12.5
Provisions	11.7	9.5	11.7	9.5
Lease liability	9.1	12.5	9.1	12.5
Plant and equipment	11.9	14.3	11.9	14.3
Intangible assets	17.0	7.0	17.0	7.0
Other items	5.9	9.7	5.9	9.7
Merger fair value adjustments	1.9	10.3	1.9	10.3
	76.8	83.3	76.8	83.3
<i>Amounts recognised in other comprehensive income</i>				
Cash flow hedges	0.5	1.1	0.5	1.1
Total deferred tax assets	77.3	84.4	77.3	84.4
Deferred tax liabilities comprise:				
<i>Amounts recognised in profit or loss</i>				
Right of use asset	7.7	10.8	7.7	10.8
Equity accounted associates	0.8	2.6	-	-
	8.5	13.4	7.7	10.8
<i>Amounts recognised in other comprehensive income</i>				
Cash flow hedges	5.7	1.1	5.7	1.1
Fair value reserve - investment securities held at FVOCI	4.5	7.5	4.5	7.5
Total deferred tax liabilities	18.7	22.0	17.9	19.4
Net deferred tax assets	58.6	62.4	59.4	65.0

The effective tax rate on continuing operations of the consolidated group is 27% (2024: 29%).

7. INCOME TAX (continued)

Recognition and Measurement

Income tax expense

Income tax expense comprises current and deferred taxes and is based on the accounting profit adjusted for differences in the accounting and tax treatment of income and expenses (taxable income). The Group recognises tax expense in the Statements of Profit or Loss and Other Comprehensive Income.

Current tax expense

Current income tax is the tax the Group expects to pay on taxable income for the year, including any adjustments for prior years. The tax is based on tax rates and tax laws which are enacted at the reporting period.

Deferred tax assets and liabilities

Deferred tax arises from the differences between financial reporting and taxation reporting which creates temporary differences that usually reverse over time. Until these are reversed, a deferred tax asset or deferred tax liability is recognised on the Statements of Financial Position. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if they are expected to be settled or realised at the same time. Deferred tax assets are recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

People First Bank and its Australian wholly-owned controlled entities, with the exception of People's Choice Community Foundation Limited, have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the consolidated group is Heritage and People's Choice Limited. Refer to the Consolidated Entity Disclosure Statement for further details.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group. This is applied using the separate taxpayer within group approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statements of Financial Position are inclusive of GST.

Financial Instruments and Risk Management

Financial Instruments

Overview

Financial instruments include cash, loans and advances, investments, deposits, borrowings and derivatives and account for the majority of the Group's Statements of Financial Position.

Recognition and Measurement

Initial recognition and measurement

Financial assets and liabilities are recognised on the Group's Statements of Financial Position on the date they are originated or the trade date, which is the date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognised at fair value. Directly attributable transaction costs are added or deducted from the financial asset or liabilities, except for financial instruments measured at fair value through profit or loss, where directly attributable transaction costs are recognised in profit or loss.

There are three measurement classifications for financial assets under AASB 9 *Financial Instruments* (AASB 9):

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

Financial assets are classified into these categories on the basis of two criteria:

- the business model within which the financial asset is managed (business model assessment); and
- the contractual cash flow characteristics of the financial asset, whether the cash flows represent solely payments of principal and interest (SPPI test).

Business model assessment

The Group determines the business model by considering the purpose of the portfolio, how the relevant risks are managed and the basis on which the performance of the portfolio is evaluated.

SPPI test

In making the SPPI assessment the Group considers relevant factors such as how principal is repaid and whether interest reflects the time value of money and credit risk.

The resulting financial asset classifications are as follows:

- *Amortised cost*: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows;
- *FVOCI*: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows or to sell the assets; and
- *FVTPL*: Any other financial assets not falling into one of the above two categories.

Financial Instruments (continued)

Overview (continued)

Recognition and Measurement (continued)

Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a) the right to receive cash flows from the asset has expired;
- b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them without material delay to a third party; or
- c) the Group has transferred its rights to receive cash flows from the asset and either:
 - (i) has transferred substantially all the risks and rewards of the asset; or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

8. CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Cash on hand and at bank	30.5	37.5	30.5	37.5
Deposits at call	278.9	245.7	140.0	104.2
Cash and cash equivalents	309.4	283.2	170.5	141.7

Recognition and Measurement

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flows. Cash and cash equivalents are measured at amortised cost.

Notes to the Financial Statements (continued)

9. LOANS AND ADVANCES

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Residential loans	20,403.1	19,566.3	20,403.1	19,566.3
Business loans	140.8	186.1	140.8	186.1
Credit cards	91.2	93.3	91.2	93.3
Personal and other loans	413.4	453.0	413.4	453.0
Gross loans and advances	21,048.5	20,298.7	21,048.5	20,298.7
Provision for impairment (Note 10)	(23.2)	(25.0)	(23.2)	(25.0)
Net deferred origination costs and fee revenue	47.0	40.7	47.0	40.7
Net loans and advances	21,072.3	20,314.4	21,072.3	20,314.4

Recognition and Measurement

Loans and advances comprise term and revolving credit facilities that the Group enters into with customers. Loans and advances are initially recognised at fair value plus directly attributable transaction costs such as broker expenses, origination fees received and costs incurred. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, less impairment losses. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the loan or advance, to the carrying amount of the loan or advance.

When estimating the future cash flows, the Group consider all contractual terms of the loan or advance excluding any expected credit losses (**ECLs**). Included in this calculation are all fees paid or received that are integral to the contract. The ECL on loans and advances are calculated in accordance with Note 10 Impairment of loans and advances.

The Group enters into transactions where it transfers financial assets, primarily loans and advances. The transferred assets remain on the Group's balance sheet as the Group retains substantially all of the risks and rewards of the transferred assets. Refer to Note 26 Transfer of financial assets for further details.

Modified financial assets

If the terms of a financial asset are modified, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. If the change in cash flows are substantially different, the original financial asset is derecognised and a new asset is recognised at fair value. Any gain or loss between the original and new asset is recognised in profit or loss. Where a modification is considered to not be substantial, the Group recalculates the gross carrying amount using the original effective interest rate and recognises the difference in profit or loss.

The loan portfolio of the Group does not include any loans or groups of related loans which represent 10% or more of capital (2024: \$nil).

Notes to the Financial Statements (continued)

10. IMPAIRMENT OF LOANS AND ADVANCES

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Specific provision:				
Balance at beginning of year	0.5	0.5	0.5	0.5
Increase/(decrease) in provision	-	-	-	-
Balance at end of year	0.5	0.5	0.5	0.5
<i>The gross value of loans specifically provided for is \$1.7m (2024: \$2.2m) and the total value of collateral held for loans specifically provided for is \$1.5m (2024: \$1.9m).</i>				
Collective provision:				
Balance at beginning of year	24.5	23.4	24.5	23.4
Increase/(decrease) in provision	(1.8)	1.1	(1.8)	1.1
Balance at end of year	22.7	24.5	22.7	24.5
Total provision for impairment	23.2	25.0	23.2	25.0
Charge/(recovery) to profit or loss comprises:				
Provision for loan impairment	(2.1)	(2.2)	(2.1)	(2.2)
Loans written off during the year as uncollectable	2.8	2.8	2.8	2.8
Bad debts recovered	(1.2)	(1.3)	(1.2)	(1.3)
Total (recovery)/charge to profit or loss	(0.5)	(0.7)	(0.5)	(0.7)

Recognition and Measurement

The provision for impairment of loans and advances is categorised as follows:

Specific Provision

Loans and advances that meet significant delinquency and loan size criteria are individually assessed for impairment to estimate the expected credit loss on the loan.

Collective Provision

Loans and advances that are not individually assessed are placed into portfolios of assets with similar credit risk characteristics, taking into account product and borrower type and a collective assessment of impairment is performed based on objective evidence from historical experience and other forward-looking indicators.

Loans and advances are written off and derecognised when negotiations for collection of a debt are unsuccessful and there is no reasonable expectation that the outstanding principal and interest will be recovered.

The Group considers that its cash and cash equivalents and investment securities have a low credit risk based on the external credit ratings of the counterparties.

Notes to the Financial Statements (continued)

10. IMPAIRMENT OF LOANS AND ADVANCES (continued)

The following table presents the movement in the provision for impairment for the year:

Consolidated and Parent

	Stage 1	Stage 2	Stage 3 Collective	Stage 3 Specific	Stage 3 POCI loans	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Balance as at 1 July 2024	12.1	5.2	5.1	0.5	2.1	25.0
Changes due to loans and advances that have:						
Transferred to Stage 1	1.4	(1.3)	(0.1)	-	-	-
Transferred to Stage 2	(0.3)	2.1	(1.8)	-	-	-
Transferred to Stage 3	(0.1)	(0.6)	0.7	-	-	-
Transferred to Stage 3 - Specific	-	-	-	-	-	-
New and increased provisions (net of provision releases)	(2.1)	(1.1)	2.1	-	(0.7)	(1.8)
Balance as at 30 June 2025	11.0	4.3	6.0	0.5	1.4	23.2
Balance as at 1 July 2023	12.4	4.5	3.6	0.5	2.9	23.9
Changes due to loans and advances that have:						
Transferred to Stage 1	1.3	(1.2)	(0.1)	-	-	-
Transferred to Stage 2	(0.3)	1.6	(1.3)	-	-	-
Transferred to Stage 3	-	(0.4)	0.4	-	-	-
Transferred to Stage 3 - specific	-	-	-	-	-	-
New and increased provisions (net of provision releases)	(1.3)	0.7	2.5	-	(0.8)	1.1
Balance as at 30 June 2024	12.1	5.2	5.1	0.5	2.1	25.0

10. IMPAIRMENT OF LOANS AND ADVANCES (continued)

Recognition and Measurement

The measurement of ECL reflects an unbiased, probability weighted prediction which evaluates a range of scenarios and takes into account the time value of money, past events, current conditions and forecasts of future economic conditions.

ECLs are either measured over 12 months or the expected lifetime of the financial asset, depending on credit deterioration since origination, according to the following three-stage approach:

Stage 1: 12 month ECL

The Group collectively assesses ECLs on exposures that have not significantly increased in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Group recognises a collective provision equal to the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months.

Stage 2: Lifetime ECL – asset is not impaired

The Group collectively assesses, based on shared credit risk characteristics, ECLs on exposures that have significantly increased in credit risk since initial recognition but are not credit impaired. Credit risk is considered to have significantly increased when contractual payments are 30 days past due at some time in the last 6 months, there is significant change in serviceability, financial hardship or default events. For these exposures, the Group recognises a collective provision equal to the lifetime ECL.

Stage 3: Lifetime ECL – asset is impaired

The Group assesses ECLs both collectively and individually on those exposures that are assessed as credit impaired. Exposures are credit impaired when they are equal to or greater than 90 days past due or where one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred, including loan modifications. For exposures that have become credit impaired, a lifetime ECL is recognised as a collective or specific provision.

Stage 3: Purchased or originated credit-impaired (POCI)

For financial assets that are credit-impaired on initial recognition, lifetime ECL is recognised within collective provisions regardless of the performance status of the account as at the reporting date.

Measurement of expected credit loss

ECL is calculated as the product of the following credit risk factors, discounted to incorporate the time value of money:

- Probability of default (PD) - the estimate of the likelihood that a borrower will default over a given period;
- Exposure at default (EAD) - the expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest; and
- Loss given default (LGD) - the expected loss in the event of the borrower defaulting, expressed as a percentage of the facility's EAD, taking into account direct and indirect recovery costs.

These credit risk factors are adjusted for current and forward-looking information through the use of macroeconomic variables.

The definition of default used in measuring credit losses is aligned with the Australian Prudential Regulation Authority (APRA) definition of default. Default occurs when there are indicators that a customer is unlikely to fully satisfy contractual credit obligations to the Group, the exposure is 90 days past due or a loss has already been incurred.

10. IMPAIRMENT OF LOANS AND ADVANCES (continued)

KEY JUDGEMENTS AND ESTIMATES

In estimating collectively assessed ECL the Group makes judgements and assumptions in relation to the selection of a modelling methodology, and the selection of inputs for the models. The following table summarises the key judgements and assumptions in relation to the models and also highlights significant changes during the year.

Judgement / assumption and description	Changes during the year ended 30 June 2025
Selection of macroeconomic variables Judgement is involved in determining which forward looking variables have the highest correlation to default rates observed in the portfolio.	The variables include unemployment rates, RBA cash rate, GDP and property price.
Economic forecast assumptions Judgement is involved in determining the forecast settings for each relevant economic variable under each scenario (Base, Upside, Downside and Severe Downside).	The forecast settings for each relevant economic variable are based on Management's view of the most likely future macroeconomic conditions at 30 June 2025. In forecasting future economic conditions, assumptions for the Base scenario are sourced from a number of external sources such as the Reserve Bank of Australia. The settings for the current year reflect expectations of unemployment rate and economic growth.
Probability weighting of each economic scenario Probability weighting of each economic scenario is determined by considering the risks and uncertainties surrounding the base case scenario.	The assigned probability weightings have been updated since the prior year to reflect a higher weighting to the Upside and Severe Downside scenarios. The higher Upside weighting recognises the potential for resilience in household spending, labour markets and business investment to outperform expectations. The increased Severe Downside weighting reflects heightened economic and geopolitical risks and geopolitical tensions in key global regions.
Determining when a Significant Increase in Credit Risk (SICR) has occurred In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from Stage 1 to Stage 2.	There has been no material change to SICR criteria in the current financial year.
Management overlay Management overlay adjustments to the ECL provision are used in circumstances where it is judged that existing inputs, assumptions and modelling techniques do not capture all the risk factors relevant to the lending portfolios.	A model risk reserve continues to be included in the model to mitigate the potential for modelling risk.

10. IMPAIRMENT OF LOANS AND ADVANCES (continued)

Sensitivity analysis

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining the allowance as at 30 June 2025 together with the prior year comparative:

	2025 \$m	2024 \$m
Reported probability weighted ECL	22.7	24.5
100% Upside scenario	6.9	7.7
100% Base scenario	8.5	10.1
100% Downside scenario	22.1	24.4
100% Severe Downside scenario	61.4	68.4

The Group uses four alternative macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating the ECL; Upside, Base, Downside and Severe Downside scenarios.

2025	Upside Scenario %	Base Scenario %	Downside Scenario %	Severe Downside Scenario %
Forecast unemployment rate	4.0	4.4	6.5	9.0
Forecast cash rate	2.9	3.4	4.9	5.4
Forecast annual GDP growth	3.0	2.0	-	(4.0)
Property price increase/(fall)	10.0	5.0	(15.0)	(30.0)
Scenario weight	7.5	37.5	37.5	17.5

2024	Upside Scenario %	Base Scenario %	Downside Scenario %	Severe Downside Scenario %
Forecast unemployment rate	4.1	4.5	6.5	9.0
Forecast cash rate	3.9	4.4	4.9	5.4
Forecast annual GDP growth	3.0	2.0	-	(4.0)
Property price increase/(fall)	10.0	5.0	(15.0)	(30.0)
Scenario weight	5.0	40.0	40.0	15.0

11. DERIVATIVES

	Consolidated		Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Assets				
Derivatives held at fair value through profit or loss				
Interest rate swaps	0.6	2.1	-	-
Derivatives held as cash flow hedges				
Interest rate swaps	19.0	3.8	19.0	3.8
Total derivative assets	19.6	5.9	19.0	3.8
Liabilities				
Derivatives held at fair value through profit or loss				
Interest rate swaps	(0.6)	(2.2)	(0.6)	(2.2)
Derivatives held as cash flow hedges				
Interest rate swaps	(1.8)	(3.7)	(1.8)	(3.7)
Total derivative liabilities	(2.4)	(5.9)	(2.4)	(5.9)

Feature and purpose

Interest rate swaps are contractual arrangements whose value is derived from an underlying price index defined in the contract that are settled at a future date. The two parties exchange a series of cash flows. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative.

The Group's derivative financial instruments include the following categories:

Held at fair value	Swaps held in order to manage risks that are not in a designated hedge accounting relationship (balance sheet management).
Designated in hedging relationships	Swaps designated into hedge accounting relationships in order to minimise volatility in net interest income arising from interest rate risk.

The Group utilises cash flow hedges for the hedge accounting relationship, detailed below:

Cash flow hedges	Description
Objective	To hedge variability in cash flows from recognised financial assets and liabilities arising from interest rate risk
Hedged risk	Interest rate risk
Hedging instruments	Pay fixed / receive variable, receive fixed / pay variable interest rate swaps
Hedged item	Variable interest rate financial liabilities and assets
Hedge effectiveness	Regression analysis / hypothetical derivative method
Potential sources of ineffectiveness	Primarily mismatches in terms of the hedged item and the hedging instrument as well as prepayment risk

Notes to the Financial Statements (continued)

11. DERIVATIVES (continued)

The following table shows the average rates of hedging instruments and the maturity profile for hedging instruments by notional amount.

Consolidated and Parent

	Weighted average fixed interest rate %	Within 1 year \$m	1 to 5 years \$m	Over 5 years \$m
2025				
Cash flow hedges - interest rate swaps	3.88%	2,125.0	1,195.0	-
2024				
Cash flow hedges - interest rate swaps	4.16%	1,925.0	535.0	-

The following table shows amounts related to the hedging instruments, including the fair value changes during the year used as the basis for calculating hedge ineffectiveness.

Consolidated and Parent

	Gains / (losses) on hedging instruments \$m	Gains / (losses) on hedged items \$m	Hedge ineffectiveness in profit or loss \$m
2025			
Cash flow hedges - interest rate swaps	16.6	(16.6)	-
2024			
Cash flow hedges - interest rate swaps	(5.8)	5.8	-

11. DERIVATIVES (continued)

Recognition and Measurement

Initial and subsequent recognition

Initially and at each reporting date the derivatives are recognised at fair value. If the fair value is positive then the derivative is recognised as an asset, if it is negative it is recognised as a liability.

Impact on the Income Statement and Other Comprehensive Income

How the movement (gain or loss) in the fair value of the derivative financial instrument is recognised depends on the accounting category:

Held at fair value through profit or loss

Gains or losses arising from changes in the fair value are recognised in profit or loss under net interest income.

Designated as a cash flow hedge relationship

The Group recognises the effective portion of changes in the fair value in the cash flow hedge reserve (Other Comprehensive Income). Any ineffective portion is recognised in the profit or loss under net interest income.

Hedge effectiveness

In assessing the hedge effectiveness the Group determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics and quantitative analysis. The Group considers whether the critical terms of the hedged item and instrument closely align when assessing the presence of an economic relationship.

To qualify for hedge accounting, a hedge is expected to be highly effective. A hedge is highly effective if it meets the following criteria:

- effective in achieving offsetting changes in cash flows attributable to the hedged risk during the period; and
- the actual results of the hedge are within the range of 80% to 125% effectiveness.

Measurement

The interest rate swaps that the Group transacts are over the counter arrangements with no active market. The measurement of the fair value is undertaken using a discounted cash flow analysis. Refer to Note 19 Fair value of financial instruments for further information.

AASB 9 provides the Group with an accounting policy choice to continue to apply the AASB 139 hedge accounting requirements until the International Accounting Standards Board's ongoing project on macro hedge accounting is completed. The Group continues to apply the hedge accounting requirements of AASB 139.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group does not have a legally enforceable right to set-off any interest rate swap agreements.

Master netting arrangement

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements terminated. As neither the Group nor the Parent presently have a legally enforceable right of set-off, these amounts have not been offset in the Statements of Financial Position and accordingly derivative assets and derivative liabilities are shown on a gross basis in the Statements of Financial Position.

If under the ISDA Master Agreement there was a legally enforceable right of set-off, there would be a reduction in both the derivative asset and derivative liability of \$2.4m as at 30 June 2025 (2024: \$5.9m), and a reduction in repurchase agreement balances of the Group held as at 30 June 2024 to nil (Refer to Note 26 Transfer of financial assets for further details).

Notes to the Financial Statements (continued)

12. INVESTMENTS

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
a) Investment securities				
Interest-bearing deposits	64.0	59.3	64.0	59.3
Negotiable certificates of deposit	410.2	177.7	410.2	177.7
Floating rate notes	1,766.7	1,551.1	1,766.7	1,551.1
Bonds	1,010.5	1,495.6	1,010.5	1,495.6
Promissory notes	416.8	268.2	416.8	268.2
Total investment securities	3,668.2	3,551.9	3,668.2	3,551.9
<i>Of which: total investment securities held at FVOCI</i>	3,668.2	-	3,668.2	-
<i>Of which: total investment securities held at amortised cost</i>	-	3,551.9	-	3,551.9
b) Other investments				
Shares in unlisted entities	0.5	46.1	0.5	46.1
Capital notes	-	-	2,753.5	2,778.0
Other investments	41.1	50.9	38.6	41.7
Shares in controlled entities	-	-	-	5.0
Total other investments	41.6	97.0	2,792.6	2,870.8
Total investments	3,709.8	3,648.9	6,460.8	6,422.7

Recognition and Measurement

Prior to 1 July 2024, investment securities were held within a business model whose objective was to hold assets to collect contractual cash flows. Investment securities under this model are measured at amortised cost.

On 1 July 2024, the objectives of the business model within which the investment securities are managed were reassessed including the purpose of the portfolios held, how risks are managed and the basis on which the performance of the portfolios are evaluated. It was determined that the primary objective for investment securities held is achieved by both collecting contractual cash flows and through the sale of the financial assets. Investment securities are held for the purpose of collecting interest income over the life of the instrument. The Group may also sell investment securities in response to changes in market conditions, liquidity needs, or risk management purposes.

As a result of this reassessment, all existing investment securities held as at 1 July 2024 were reclassified from amortised cost to FVOCI and any new investment securities acquired from this date are measured at FVOCI.

Shares in unlisted entities are initially recognised at fair value and subsequently measured at fair value through other comprehensive income. These shares represent investments that People First Bank intend to hold for the long term. Amounts in the fair value reserve are subsequently transferred to retained earnings, and not profit or loss, when the asset is derecognised.

Capital notes, other investments and shares in controlled entities are initially recognised at cost and subsequently held at amortised cost.

The Group's investment securities are subject to impairment testing with nil impairment recognised in the current year (2024: nil). Refer to Note 10 Impairment of loans and advances for further details.

Notes to the Financial Statements (continued)

13. OTHER ASSETS

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Accrued interest receivable	17.0	20.6	17.0	20.6
Prepayments	23.8	23.1	23.8	23.1
Other receivables	46.4	20.4	49.0	27.6
Total other assets	87.2	64.1	89.8	71.3

Recognition and Measurement

Other assets include non-interest bearing receivables that are stated at cost less any impairment losses.

14. DEPOSITS

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Customer at call and deposit accounts	20,094.2	19,042.1	20,094.2	19,042.7
Short term wholesale deposits and borrowings	383.9	841.7	383.9	841.7
Total deposits	20,478.1	19,883.8	20,478.1	19,884.4

Recognition and Measurement

Deposits are financial liabilities and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group's deposit portfolio does not include any deposits or groups of related deposits which represent 10% or more of liabilities (2024: \$nil).

Notes to the Financial Statements (continued)

15. OTHER PAYABLES

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Accounts payable and other payables	159.6	138.0	112.6	103.5
Accrued interest payable	78.0	112.4	111.3	146.8
Total other payables	237.6	250.4	223.9	250.3

Recognition and Measurement

Other payables are non-interest bearing payables, which are normally settled between seven and thirty day terms and are stated at amortised cost.

16. BORROWINGS

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Loans payable to securitisation trusts	-	-	5,098.5	4,943.2
Notes payable	2,469.4	2,303.6	-	-
Subordinated debt	174.2	124.7	174.2	124.7
Senior unsecured debt	399.6	399.3	399.6	399.3
Total borrowings	3,043.2	2,827.6	5,672.3	5,467.2

Loans payable to securitisation trusts and Notes payable

Refer to Note 25 Related parties for details of the Group's securitisation program.

Securitisation funding facility

The Group maintains securitisation warehouse funding facilities to assist with liquidity management. The facilities are renewed annually. The Group has utilised \$345.5m with \$164.5m unutilised. In 2024 the Group had utilised \$648.2m with \$151.8m unutilised. The Group expects to maintain broadly similar levels of utilised and unutilised balances across the next 12 months, given the size of its balance sheet and forecast funding requirements. The utilised funding facility is included within Notes payable.

16. BORROWINGS (continued)

Subordinated Debt (Tier 2 Capital)

The subordinated debt comprises of two tranches of unsecured, cumulative subordinated notes:

- \$75m with a maturity date of 16 September 2031, with an option for People First Bank to redeem the notes on the early redemption date of 16 September 2026, subject to APRA approval.
- \$100m with a maturity date of 23 May 2035, with an option for People First Bank to redeem the notes on the early redemption date of 23 May 2030, subject to APRA approval.

The subordinated debt securities pay interest quarterly in arrears. If APRA determines that a non-viability event has occurred the subordinated notes will be subject to write off. If a write off occurs the debt will be extinguished with a corresponding gain or loss taken to profit or loss.

Senior Unsecured Debt

The Group has issued \$400m of senior unsecured debt at a variable interest rate for a term of 3 years maturing on 8 February 2027.

Recognition and Measurement

The Group initially recognises debt securities issued and subordinated liabilities on the date they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs (including securitisation establishment costs). Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using an effective interest rate method.

17. STANDBY BORROWING FACILITIES

The Parent has the following borrowing facilities in addition to the securitisation funding facilities:

	Consolidated and Parent	
	2025	2024
Overdraft facility	\$m	\$m
Gross facility amount	5.0	5.0
Less: current borrowing	-	-
Net available	5.0	5.0

18. RISK MANAGEMENT

Introduction

This note focuses on the financial risks (primarily market, credit and liquidity risks) associated with the use of financial instruments. These risks have been identified as material risks for People First Bank. This note provides an overview of the Enterprise Risk Management Framework (**Framework**) and details of the Group's policies and processes and quantitative disclosure in relation to these financial risks. Further information on risk and governance is provided in the Corporate Governance Statement following the financial statements.

Financial risk management objectives

The Group is exposed to a range of risks as part of its daily operations. People First Bank has a Board approved Risk Management Strategy which describes the key elements of the Framework that are designed and implemented to manage different types of material risks and provide the Board with a comprehensive organisation-wide view of People First Bank's risk profile. The Framework is the totality of systems, structures, policies, processes, and people within People First Bank that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk. The key components of the Framework are subject to regular review and are responsive to the changing regulatory and operating environments. The Framework includes a Board approved Risk Appetite Statement with specific appetite settings for material financial risks and includes Board approved Risk Tolerance Indicators which are monitored on an ongoing basis.

The Board promotes and supports a sound risk culture that aligns with the Group's values and behaviours and business conduct.

Market risk management

Market risk is the risk of exposure to changes to financial prices affecting the value of positions held by the Group as part of its normal business activities. The Group utilises two key market risk management strategies: a Product and Pricing Committee facilitates direct (pricing) intervention strategies and an Asset and Liability Committee (**ALCO**) has oversight of indirect (hedging) intervention strategies.

The Group is not exposed to significant equity risk. The Group does not trade in the financial instruments it holds. The Group is exposed to interest rate risk, which is the risk of volatility in income or economic value resulting from changes to market interest rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate risk volatility of net interest income and economic value exposures. Positions are monitored regularly and hedging strategies are executed to ensure sensitivities and exposures are maintained within the established limits.

Monitoring of adherence to policies, limits and procedures is controlled through the ALCO and the Board Risk and Compliance Committee.

The Group undertakes scenario analysis to stress test the impact of extreme events on the Group's market risk exposures. The Group model a 1% overnight parallel positive shift in the yield curve to determine the potential impact on net interest income over the next 12 months. This is a standard risk measure which assumes the parallel shift is reflected in all wholesale and customer rates.

The table below shows the outcome of this risk measure for the current and previous financial year.

	Consolidated	
	2025	2024
	\$m	\$m
Impact of 1% rate shock on 12 months of net interest income		
100 bp rise	11.9	4.0
100 bp fall	(14.7)	(4.1)

Notes to the Financial Statements (continued)

18. RISK MANAGEMENT (continued)

Market risk management (continued)

Interest rate risk (continued)

The tables below show People First Bank's exposure to interest rate risk through the interest rate gap analysis. The values reported for the Group do not differ materially from that of the Parent.

Consolidated

	0 - 1 month	1 - 12 months	1 - 5 yrs	> 5 yrs	Non-interest bearing	Total
	\$m	\$m	\$m	\$m	\$m	\$m
2025						
Financial Assets						
Cash and cash equivalents	279.2	-	-	-	30.2	309.4
Loans and advances	18,105.0	979.0	1,964.6	-	23.7	21,072.3
Investment securities	635.0	2,476.8	556.4	-	-	3,668.2
Other investments	41.1	-	-	-	0.5	41.6
Total financial assets	19,060.3	3,455.8	2,521.0	-	54.4	25,091.5
Financial Liabilities						
Deposits	13,438.3	5,648.2	1,391.6	-	-	20,478.1
Borrowings	2,469.4	573.8	-	-	-	3,043.2
Total financial liabilities	15,907.7	6,222.0	1,391.6	-	-	23,521.3
Interest rate swaps held in a hedge relationship - assets/ (liabilities)						
Notional value	(2,545.0)	1,900.0	645.0	-	-	-

2024

Financial Assets						
Cash and cash equivalents	258.5	-	-	-	24.7	283.2
Loans and advances	15,741.8	2,021.3	2,535.6	-	15.7	20,314.4
Investment securities	535.0	2,085.5	925.4	-	6.0	3,551.9
Other investments	50.9	-	-	-	46.1	97.0
Total financial assets	16,586.2	4,106.8	3,461.0	-	92.5	24,246.5
Financial Liabilities						
Deposits	12,015.3	6,555.6	1,312.9	-	-	19,883.8
Borrowings	2,302.6	525.0	-	-	-	2,827.6
Total financial liabilities	14,317.9	7,080.6	1,312.9	-	-	22,711.4
Interest rate swaps held in hedge relationship - assets/ (liabilities)						
Notional value	2,460.0	(1,925.0)	(535.0)	-	-	-

18. RISK MANAGEMENT (continued)

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group has in place information systems and a structured process to monitor and manage liquidity risk. The management process incorporates specific liquidity management strategies and liquidity contingency plans that manage liquidity on a daily basis under normal situations and assumed adverse scenarios. The liquidity strategy requires the holding of surplus funds in liquid assets which meet APRA's criteria for classification as eligible Minimum Liquidity Holdings (MLH), the availability of appropriate standby lines of funding, maintenance of reliable sources of funding (retail and wholesale) and daily liquidity projections.

APRA Prudential Standards place specific management and reporting requirements on ADIs in relation to liquidity risk. The Prudential Standards provide that liquidity strategies and liquidity holdings can be based on either on a Liquidity Coverage Ratio or on a MLH basis. APRA has approved the Group to adopt a MLH approach, whereby the Group is required to maintain a minimum holding in specified eligible assets at all times.

The liquidity ratio as at the reporting date (30 June) is provided below:

	Group	
	2025	2024
	%	%
Liquidity ratio	17.38	16.31

Notes to the Financial Statements (continued)

18. RISK MANAGEMENT (continued)

Liquidity risk management (continued)

Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Group's and the Parent's financial liabilities as at 30 June 2025 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice is given immediately. However, the Group and the Parent expect that many customers will not request repayment on the earliest date the Group or the Parent could be required to pay and the tables do not reflect the cash flows indicated by the Group's or the Parent's deposit retention history. Derivatives designated are based on their contractual maturity. The amounts represent principal and interest cash flows and may differ when compared to the carrying amounts reported on the Statements of Financial Position.

Consolidated	At call \$m	3 months or less \$m	3 to 12 months \$m	1 to 5 years \$m	Greater than 5 years \$m	Total \$m	Carrying amount \$m
2025							
Financial Liabilities							
Deposits	13,546.6	4,147.2	2,748.1	144.6	-	20,586.5	20,478.1
Other payables	-	237.6	-	-	-	237.6	237.6
Lease liabilities	-	3.5	9.2	19.0	0.1	31.8	28.6
Borrowings	-	53.4	160.2	1,557.5	2,948.4	4,719.5	3,043.2
Derivative Financial Instruments							
Interest rate swaps liabilities - inflows	-	(3.6)	(8.3)	(8.8)	-	(20.7)	2.4
Interest rate swaps liabilities - outflows	-	3.7	9.2	9.6	-	22.5	
Total cash flows	13,546.6	4,441.8	2,918.4	1,721.9	2,948.5	25,577.2	23,789.9

2024

Financial Liabilities							
Deposits	12,557.4	3,239.4	4,065.1	95.9	-	19,957.8	19,883.8
Other payables	-	250.4	-	-	-	250.4	250.4
Lease liabilities	-	4.8	12.2	26.5	0.1	43.6	41.5
Borrowings	-	479.7	420.6	1,679.4	2,596.0	5,175.7	2,827.6
Derivative Financial Instruments							
Interest rate swaps liabilities - inflows	-	(27.6)	(37.0)	(32.1)	-	(96.7)	5.9
Interest rate swaps liabilities - outflows	-	26.1	34.4	43.5	-	104.0	
Total cash flows	12,557.4	3,972.8	4,495.3	1,813.2	2,596.1	25,434.8	23,009.2

Notes to the Financial Statements (continued)

18. RISK MANAGEMENT (continued)

Liquidity risk management (continued)

Contractual undiscounted cash flows (continued)

Parent	At call \$m	3 months or less \$m	3 to 12 months \$m	1 to 5 years \$m	Greater than 5 years \$m	Total \$m	Carrying amount \$m
2025							
Financial Liabilities							
Deposits	13,546.6	4,147.2	2,748.1	144.6	-	20,586.5	20,478.1
Other payables	-	223.9	-	-	-	223.9	223.9
Lease liabilities	-	3.5	9.2	19.0	0.1	31.8	28.6
Borrowings	-	105.5	316.3	2,388.2	6,687.0	9,497.0	5,672.3
Derivative Financial Instruments							
Interest rate swaps liabilities - inflows	-	(3.6)	(8.3)	(8.8)	-	(20.7)	2.4
Interest rate swaps liabilities - outflows	-	3.7	9.2	9.6	-	22.5	
Total cash flows	13,546.6	4,480.2	3,074.5	2,552.6	6,687.1	30,341.0	26,405.3

2024

Financial Liabilities							
Deposits	12,557.4	3,239.4	4,065.1	95.9	-	19,957.8	19,884.4
Other payables	-	250.3	-	-	-	250.3	250.3
Lease liabilities	-	4.8	12.2	26.5	0.1	43.6	41.5
Borrowings	-	532.3	578.3	2,518.9	6,422.4	10,051.9	5,467.2
Derivative Financial Instruments							
Interest rate swaps liabilities - inflows	-	(27.6)	(37.0)	(32.1)	-	(96.7)	5.9
Interest rate swaps liabilities - outflows	-	26.1	34.4	43.5	-	104.0	
Total cash flows	12,557.4	4,025.3	4,653.0	2,652.7	6,422.5	30,310.9	25,649.3

18. RISK MANAGEMENT (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statements of Financial Position. For customer commitments the maximum exposure to credit risk is the full amount of the commitment facilities as at the reporting date (refer Note 29 Commitments). The maximum credit exposure does not take into account the value of any collateral or other security held in the event other entities/parties fail to perform their obligations under the financial instruments in question. The value of collateral held against individual exposures is generally only assessed at the time of borrowing or when a specific review of that exposure is undertaken in accordance with policy.

The Group holds collateral against loans and advances to customers in the form of mortgage interests over real property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

Credit quality by class of financial asset

Investment securities are included in the Group's investment policy where individual counterparties need to have the appropriate investment grading and are monitored in respect to their limits and credit ratings. The appropriate credit ratings and sector and counterparty limits ensure the Group is not exposed to any significant individual counterparty exposure. Unrated balances relate to cash on hand and the Group's cash and receivable balances held with a settlement provider.

The following tables outlines the credit ratings of the Group's exposure to counterparties excluding loans and advances:

Consolidated

2025	AAA+ to AA- \$m	A+ to A- \$m	BBB+ to BBB- \$m	Unrated \$m	Total \$m
Cash and cash equivalents	238.2	3.8	-	67.4	309.4
Investment securities	2,718.6	661.7	287.9	-	3,668.2
Other investments	41.1	-	-	0.5	41.6
Total	2,997.9	665.5	287.9	67.9	4,019.2

2024

Cash and cash equivalents	195.5	14.8	-	72.9	283.2
Investment securities	2,521.7	798.2	232.0	-	3,551.9
Other investments	48.0	-	-	49.0	97.0
Total	2,765.2	813.0	232.0	121.9	3,932.1

18. RISK MANAGEMENT (continued)

Credit risk management (continued)

Concentration of credit risk

The Group manages concentration risk through a geographically diversified customer base. The following table shows gross loans and advances by state:

	Consolidated and Parent	
	2025 \$m	2024 \$m
Australian Capital Territory	213.2	186.7
New South Wales	2,864.6	2,587.6
Northern Territory	1,385.4	1,558.3
Queensland	6,124.8	6,193.5
South Australia	5,410.7	5,258.8
Tasmania	109.2	105.9
Victoria	4,311.7	3,912.2
Western Australia	628.9	495.7
Total	21,048.5	20,298.7

Loan to value ratio for gross loans and advances

The majority of the Group's loan portfolio is secured with mortgages over relevant properties and as a result credit risk is managed by reference to the loan to value ratio (LVR). The following table shows the Group's LVR on its residential loan and business loan portfolios.

	Consolidated and Parent	
	2025	2024
LVR Band		
0-60%	38%	37%
61-80%	50%	49%
81-90%	10%	12%
91-100%	2%	2%
> 100%	0%	0%
Total	100%	100%

Notes to the Financial Statements (continued)

18. RISK MANAGEMENT (continued)

Credit risk management (continued)

Loan portfolio by provision staging

The following is an analysis of the gross carrying value of loans and advances by overdue status in the different stages of the ECL model as defined in Note 10 Impairment of loans and advances.

Consolidated and Parent

2025	Stage 1 \$m	Stage 2 \$m	Stage 3 \$m	Stage 3 POCI loans \$m	Total \$m
Loans and advances (gross)					
Residential loans					
Current	19,493.6	331.3	-	15.3	19,840.2
Overdue less than or equal to 30 days	200.3	95.6	-	4.0	299.9
Overdue more than 30 days	-	93.1	157.7	12.2	263.0
Total residential loans	19,693.9	520.0	157.7	31.5	20,403.1
Business loans					
Current	133.0	1.5	-	0.2	134.7
Overdue less than or equal to 30 days	3.0	0.7	-	-	3.7
Overdue more than 30 days	-	1.7	0.7	-	2.4
Total business loans	136.0	3.9	0.7	0.2	140.8
Personal and other loans					
Current	398.5	4.6	-	0.1	403.2
Overdue less than or equal to 30 days	6.0	1.2	-	-	7.2
Overdue more than 30 days	-	1.5	1.4	0.1	3.0
Total personal and other loans	404.5	7.3	1.4	0.2	413.4
Credit cards					
Current	80.6	5.0	-	0.3	85.9
Overdue less than or equal to 30 days	1.0	2.3	0.1	0.1	3.5
Overdue more than 30 days	-	0.5	1.2	0.1	1.8
Total credit cards	81.6	7.8	1.3	0.5	91.2

2024

Loans and advances (gross)					
Residential loans					
Current	18,595.3	407.5	-	19.7	19,022.5
Overdue less than or equal to 30 days	215.7	97.1	-	3.1	315.9
Overdue more than 30 days	-	94.5	113.1	20.3	227.9
Total residential loans	18,811.0	599.1	113.1	43.1	19,566.3
Business loans					
Current	182.0	0.7	-	-	182.7
Overdue less than or equal to 30 days	0.7	0.3	-	-	1.0
Overdue more than 30 days	-	1.5	0.5	0.4	2.4
Total business loans	182.7	2.5	0.5	0.4	186.1
Personal and other loans					
Current	434.3	4.4	-	0.3	439.0
Overdue less than or equal to 30 days	8.2	2.1	-	-	10.3
Overdue more than 30 days	-	1.8	1.7	0.2	3.7
Total personal and other loans	442.5	8.3	1.7	0.5	453.0
Credit cards					
Current	80.9	7.6	-	0.4	88.9
Overdue less than or equal to 30 days	0.8	2.0	-	0.1	2.9
Overdue more than 30 days	-	0.3	1.0	0.2	1.5
Total credit cards	81.7	9.9	1.0	0.7	93.3

18. RISK MANAGEMENT (continued)

Capital management

The management of the capital of a financial institution is a fundamental part of its risk management process, as an essential element of capital is its availability to absorb future, unexpected and unidentified losses.

APRA Prudential Standards require ADIs to maintain at all times a minimum ratio of capital to risk weighted assets. As part of its risk management process, the Group has developed a methodology with financial modelling to assist in determining the optimum level of capital that is consistent with assessed risk exposure and business activity. The optimum capital is managed within a range well above the minimum required by APRA and incorporates an assessment of the combined risk exposure for operations, market, credit and strategic risk.

The Group's capital management governance process ensures capital holdings are maintained in proportion to its risk exposure from its activities. The Group has complied with all the APRA capital adequacy requirements throughout the year.

The Group's capital adequacy ratio as at the end of the reporting date (30 June) and the comparative are as follows:

	Consolidated	
	2025	2024
	\$m	\$m
Capital Adequacy Ratio	17.51%	15.49%
Qualifying capital		
Tier 1	1,345.2	1,228.0
Tier 2	190.1	142.3
Total qualifying capital	1,535.3	1,370.3
Risk Weighted Assets	8,766.1	8,849.1

The increase in total qualifying capital is driven by profit for the year, the sale of shares in associate and unlisted entities and the issuance of subordinated debt during the year that qualified for recognition as Tier 2 capital (refer to Note 16 Borrowings).

On 9 October 2024, the Group settled \$1bn of Residential Mortgage Back Securities (RMBS). The securitisation transaction qualified for capital relief in accordance with the APRA prudential standards resulting in a reduction in risk weighted assets during FY25.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy - financial instruments measured at fair value

The following tables set out the fair value of financial instruments that are measured at fair value and categorises them by the level in the fair value hierarchy.

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

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Consolidated				
2025				
Financial Assets				
Investment securities	1,843.1	1,825.1	-	3,668.2
Other investments	-	-	0.5	0.5
Derivative assets	-	19.6	-	19.6
Total financial assets	1,843.1	1,844.7	0.5	3,688.3
Financial Liabilities				
Derivative liabilities	-	2.4	-	2.4
Total financial liabilities	-	2.4	-	2.4

2024				
Financial Assets				
Other investments	-	-	46.1	46.1
Derivative assets	-	5.9	-	5.9
Total financial assets	-	5.9	46.1	52.0
Financial Liabilities				
Derivative liabilities	-	5.9	-	5.9
Total financial liabilities	-	5.9	-	5.9

Parent

2025				
Financial Assets				
Investment securities	1,843.1	1,825.1	-	3,668.2
Other investments	-	-	0.5	0.5
Derivative assets	-	19.0	-	19.0
Total financial assets	1,843.1	1,844.1	0.5	3,687.7
Financial Liabilities				
Derivative liabilities	-	2.4	-	2.4
Total financial liabilities	-	2.4	-	2.4

2024				
Financial Assets				
Other investments	-	-	46.1	46.1
Derivative assets	-	3.8	-	3.8
Total financial assets	-	3.8	46.1	49.9
Financial Liabilities				
Derivative liabilities	-	5.9	-	5.9
Total financial liabilities	-	5.9	-	5.9

Notes to the Financial Statements (continued)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy - financial instruments not measured at fair value

The following tables set out the fair value of financial instruments that are not measured at fair value and categorises them by the level in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	\$m	\$m	\$m	\$m	\$m
Consolidated					
2025					
Loans and advances	-	-	21,095.0	21,095.0	21,072.3
Other investments	-	41.1	-	41.1	41.1
Total financial assets	-	41.1	21,095.0	21,136.1	21,113.4
Borrowings	-	-	3,042.2	3,042.2	3,043.2
Total financial liabilities	-	-	3,042.2	3,042.2	3,043.2

2024

Loans and advances	-	-	20,290.2	20,290.2	20,314.4
Investment securities	-	3,535.9	-	3,535.9	3,551.9
Other investments	-	50.9	-	50.9	50.9
Total financial assets	-	3,586.8	20,290.2	23,877.0	23,917.3
Borrowings	-	-	2,832.2	2,832.2	2,827.6
Total financial liabilities	-	-	2,832.2	2,832.2	2,827.6

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy - financial instruments not measured at fair value (continued)

	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	\$m	\$m	\$m	\$m	\$m
Parent					
2025					
Loans and advances	-	-	21,095.0	21,095.0	21,072.3
Other investments	-	2,792.1	-	2,792.1	2,792.1
Total Financial Assets	-	2,792.1	21,095.0	23,887.1	23,864.4
Borrowings	-	-	5,671.3	5,671.3	5,672.3
Total Financial Liabilities	-	-	5,671.3	5,671.3	5,672.3
2024					
Loans and advances	-	-	20,290.2	20,290.2	20,314.4
Investment securities	-	3,535.9	-	3,535.9	3,551.9
Other investments	-	2,824.7	-	2,824.7	2,824.7
Total Financial Assets	-	6,360.6	20,290.2	26,650.8	26,691.0
Borrowings	-	-	5,471.8	5,471.8	5,467.2
Total Financial Liabilities	-	-	5,471.8	5,471.8	5,467.2

The following assets and liabilities have not been included in the tables above as their carrying amount is a reasonable approximation of fair value due to their short term nature:

- Cash and cash equivalents
- Other assets
- Other payables
- Deposits

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Recognition and Measurement

Fair value methodologies

Disclosed in the preceding pages is the estimated fair value of the Group's financial instruments presented in accordance with the requirements of Accounting Standard AASB 7 *Financial Instruments: Disclosures*.

A financial instrument is defined by AASB 132 *Financial Instruments: Presentation* as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial liability is a contractual obligation either to deliver cash or another financial asset to another entity, or, to exchange financial instruments with another entity under conditions that are potentially unfavourable.

Loans and advances

The fair value is determined by adjusting the fixed rate loan portfolio for current market rates as at balance date. For variable rate loans, the carrying amount is a reasonable estimate of the net fair value. The net fair value for fixed rate loans was calculated utilising discounted cash flow models based on the maturity of the loans. The discount rates applied were based on the current benchmark rate offered for the average remaining term of the portfolio as at 30 June 2025.

Investment securities

The fair value of investment securities is based on market prices or estimated using discounted cash flow analysis, based on current market rates for similar arrangements.

Other investments

For shares in unlisted entities the fair value is based on limited market transactions. Observable market transactions may include sales of shares held by other shareholders.

Derivative financial instruments

The Group enters into swaps with various counterparties who have investment grade credit ratings. The fair value is calculated as the present value of the estimated future interest cash flows based on observable yield curves. Other inputs include the credit quality of counterparties.

Borrowings

Borrowings are estimated using discounted cash flow analysis, based on current market rates for similar arrangements.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when selecting the valuation models to determine fair values. Where the fair values of the financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation models. The inputs to these models are derived from observable market data where possible. Where unobservable market data is used more judgement is required and generally the Group derives unobservable inputs from other relevant market data where available.

Notes to the Financial Statements (continued)

20. PROPERTY, PLANT AND EQUIPMENT

	Land held for sale ¹	Freehold land	Heritage Plaza building	Plant and equipment	Right of use assets	Total
Consolidated and Parent	\$m	\$m	\$m	\$m	\$m	\$m
At 1 July 2024, net of accumulated depreciation	3.2	2.5	5.2	19.2	36.1	66.2
Additions	0.6	-	-	9.9	5.7	16.2
Disposals	-	-	-	-	-	-
Depreciation expense	-	-	(0.3)	(7.8)	(16.4)	(24.5)
Balance at 30 June 2025	3.8	2.5	4.9	21.3	25.4	57.9
At 30 June 2025						
Cost / Fair Value	10.9	2.5	7.3	78.6	93.2	192.5
Accumulated depreciation and impairment	(7.1)	-	(2.4)	(57.3)	(67.8)	(134.6)
Net carrying amount	3.8	2.5	4.9	21.3	25.4	57.9
At 1 July 2023, net of accumulated depreciation	10.3	2.5	5.7	20.3	49.3	88.1
Additions	-	-	-	7.3	5.6	12.9
Disposals	-	-	-	-	(0.1)	(0.1)
Depreciation expense	-	-	(0.5)	(8.4)	(18.7)	(27.6)
Impairment expense	(7.1)	-	-	-	-	(7.1)
Balance at 30 June 2024	3.2	2.5	5.2	19.2	36.1	66.2
At 30 June 2024						
Cost / Fair Value	10.3	2.5	7.3	77.7	103.1	200.9
Accumulated depreciation and impairment	(7.1)	-	(2.1)	(58.5)	(67.0)	(134.7)
Net carrying amount	3.2	2.5	5.2	19.2	36.1	66.2

¹ Land held for development prior to 30 June 2025.

20. PROPERTY, PLANT AND EQUIPMENT (continued)

a) Right of use assets

Right of use assets includes lease of office and branch premises, ATMs and motor vehicles. Any renewal rights, escalation and termination clauses have been considered in determining the right of use assets.

	2025 \$m	2024 \$m
Net carrying amount	25.4	36.1

b) Lease liabilities

	2025 \$m	2024 \$m
Current	11.8	15.9
Non-current	16.8	25.6
Balance at 30 June	28.6	41.5

The total cash outflows for leases for the year ended 30 June 2025 was \$18.9m (2024: \$20.7m).

Recognition and Measurement

Acquisition of assets

All assets acquired, including property, plant and equipment are initially recorded at cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed or internally generated by the Group include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure, including that on internally generated assets (other than research costs), is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Land and buildings

The freehold land and Heritage Plaza building (situated at 400 Ruthven Street, Toowoomba) are measured at fair value less accumulated depreciation on the buildings. Valuations are performed with sufficient frequency to ensure that the fair value does not differ materially from its carrying amount.

The fair value of land and building was updated as at the date of the merger (1 March 2023) between Heritage Bank Limited and Australian Central Credit Union. The fair value was determined using the capitalisation approach. In determining the valuation a capitalisation rate of 9.25% was applied to the net market rentals. The fair value hierarchy classification of land and buildings is Level 3.

Land held for sale (situated at 502- 514 Ruthven Street, Toowoomba) was previously classified as 'land held for development' and has been reclassified to 'land held for sale' as at 30 June 2025 as it is expected to be sold within the next 12 months. Land held for sale is measured at the lower of its cost and fair value less cost to sell.

Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Plant and equipment primarily includes office and branch equipment, furniture and fittings.

Depreciation

All property, plant and equipment other than land are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

- Building - 40 years
- Leasehold improvements (included within plant and equipment) - the lease term
- Plant and equipment - 3 to 8 years

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and Measurement (continued)

Right of use assets

The Group identifies leases under AASB 16 that provide the right to control the use of an identified asset for a specified time. For these leases, the Group is required to recognise a right of use asset on balance sheet, representing the right to use the underlying asset, and a lease liability, representing the future lease payment obligations.

The ROU asset is initially measured at cost which comprises the initial measurement of the lease liability. The ROU asset is subsequently measured using the cost model, being cost less depreciation and any impairment losses. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life as follows:

Branch and office premises	3 to 12 years
ATMs	3 years
Motor vehicles	3 years

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and making certain adjustments, where necessary, to reflect the terms of the lease and type of asset leased.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimated amount expected to be paid at the end of the lease or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use lease asset or is recorded in profit or loss if the asset has been reduced to nil.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date with recoverable amounts being estimated when changes in circumstances indicate the carrying value may be impaired. An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

KEY JUDGEMENTS AND ESTIMATES

Valuation of land and buildings

Judgement is required in assessing the key inputs used in the valuation of the freehold land and buildings. Inputs include rental income, capitalisation rate, capital expenditure and outgoings. The selection of the valuation technique also requires judgement and is supported by the results of alternate valuation techniques.

Leases

Accounting for leases under AASB 16 requires management to make certain key judgements. These include identifying arrangements that contain a lease, the determination of lease terms and the assumed borrowing rate.

21. INTANGIBLE ASSETS

	Computer software \$m	Core deposit intangible \$m	Total \$m
Consolidated and Parent			
At 1 July 2024, net of accumulated amortisation	10.5	6.4	16.9
Additions	-	-	-
Disposals	-	-	-
Amortisation	(3.7)	(1.7)	(5.4)
Balance at 30 June 2025	6.8	4.7	11.5
At 30 June 2025			
Cost	34.1	8.8	42.9
Accumulated amortisation	(27.3)	(4.1)	(31.4)
Net carrying amount	6.8	4.7	11.5
At 1 July 2023, net of accumulated amortisation	15.0	8.2	23.2
Additions	-	-	-
Disposals	(0.2)	-	(0.2)
Amortisation	(4.3)	(1.8)	(6.1)
Balance at 30 June 2024	10.5	6.4	16.9
At 30 June 2024			
Cost	34.1	8.8	42.9
Accumulated amortisation	(23.6)	(2.4)	(26.0)
Net carrying amount	10.5	6.4	16.9

Recognition and Measurement

Capitalised software

Capitalised software includes 'off the shelf' software and costs incurred in building software and computer systems. The Group measures capitalised software initially at cost and then subsequently, carried at cost less accumulated amortisation and any accumulated impairment losses. Capitalised software is amortised over its expected useful life of between three and five years.

Prepaid Software as a Service (SaaS) implementation costs

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Implementation costs relating to the SaaS arrangements generally include customisation and configuration of the software. Where the SaaS provider provides the implementation services and these are not distinct from the SaaS access, the costs are recognised as a prepayment and expensed over the contract term. Where the services are distinct, or provided by a third party the costs are expensed as incurred. These costs are included within Information technology costs in Note 6 Other expenses.

Core deposit intangible

A core deposit intangible was recognised on merger with Heritage Bank Limited and represents the value of having a deposit base from customer and businesses, providing a more favourable source of funding than alternative sources of funding such as in wholesale and securitisation markets. The core deposit intangible is amortised over 5 years and assessed for any indication of impairment at least annually.

21. INTANGIBLE ASSETS (continued)

KEY JUDGEMENTS AND ESTIMATES

Capitalised software

At each reporting date, capitalised software is assessed for indicators of impairment and, when such indicators are identified, an impairment assessment is performed. In the event that the carrying amount is determined to be greater than its recoverable amount, the carrying amount of the asset is written down.

Prepaid SaaS implementation costs

Judgement is applied to determine whether the implementation services provided by the SaaS arrangement supplier are distinct or not from the underlying use of the SaaS application software.

Useful Lives

Expected useful lives of intangible assets are assessed on an annual basis. The assessment requires management judgement with a number of factors influencing the expected life such as business strategy, regulatory and compliance changes and pace of technological change. Assessing what components of a software project meet the criteria for capitalisation also requires management judgement.

22. EQUITY ACCOUNTED INVESTEEES

Interests in equity accounted investees

The Group's interests in equity accounted investees comprise interests in an associate and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Interest in joint venture	4.2	3.8	1.5	1.5
Interest in associate	-	9.1	-	2.7
Total interest in equity accounted investees	4.2	12.9	1.5	4.2
Share of profit in joint venture	0.6	0.4		
Share of profit in associate	-	1.0		
Total share in net profit	0.6	1.4		

The following tables provide the total amount of transactions that were entered into during the relevant financial year.

	Purchases from related parties		Amounts owed to related parties	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Joint venture: Mutual Marketplace Pty Ltd	86.6	71.0	-	-
Associate: Data Action Pty Ltd	6.5	9.0	-	0.6
Total	93.1	80.0	-	0.6

Notes to the Financial Statements (continued)

22. EQUITY ACCOUNTED INVESTEEES (continued)

Interests in equity accounted investees (continued)

a) Interest in Joint Venture

Mutual Marketplace Pty Ltd (**Mutual Marketplace**) operates in Australia and is a joint venture jointly controlled by People First Bank and Great Southern Bank with both parties having a 50% ownership interest. Mutual Marketplace commenced operations in April 2017 and provides professional procure-to-pay services to the mutual sector with its principal places of business in both Adelaide and Brisbane. The Group has a residual interest in the net assets of Mutual Marketplace and accordingly, the investment is classified as a joint venture and accounted for under the equity method.

The following table summarises the financial information of Mutual Marketplace and reconciles the financial information to the carrying amount of the Group's interest in the joint venture.

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Carrying amount of investment in joint venture	4.2	3.8	1.5	1.5
Share of joint venture's equity				
Paid up share capital	1.5	1.5		
Retained earnings	2.7	2.3		
Total	4.2	3.8		
Share of joint venture's balance sheet				
Cash	4.3	3.9		
Other current assets	4.7	3.5		
Non-current assets	0.3	0.3		
Current liabilities	4.9	3.8		
Non-current liabilities	0.2	0.1		
Share of net assets	4.2	3.8		
Share of joint venture's profit or loss				
Revenue	101.7	101.2		
Interest income	0.2	0.2		
Depreciation and amortisation	(0.1)	(0.1)		
Other expenses	(101.0)	(100.7)		
Profit before income tax	0.8	0.6		
Income tax expense	(0.2)	(0.2)		
Profit after tax	0.6	0.4		
Dividend received	0.2	0.4		

As at 30 June 2025, Mutual Marketplace has non-cancellable commitments of \$1.8m (2024: \$1.2m) to be settled over the next five years.

22. EQUITY ACCOUNTED INVESTEES (continued)

b) Interest in Associate

The Group held 27.5% interest of the equity interest and voting rights in Data Action Pty Ltd (**Data Action**), a company operating in Australia. On 2 May 2025, the Group sold all shares held in Data Action and recognised a profit on sale of \$2.7m which has been recognised in other income (refer to Note 5 Other income). The Group exercised significant influence over Data Action and accordingly, the investment was classified as an associate and accounted for under the equity method up until the date of sale.

The following table summarises the financial information of Data Action and reconciles the financial information to the carrying amount of the Group's interest in the associate.

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Carrying amount of investment in associate	-	9.1	-	2.7
Share of associate's balance sheet				
Current assets	-	9.6		
Non-current assets	-	6.3		
Current liabilities	-	4.6		
Non-current liabilities	-	4.0		
Share of associate's net assets	-	7.3		
Share of associate's profit or loss				
Revenue	-	24.0		
Expenses	-	(22.7)		
Profit before income tax	-	1.3		
Income tax expense	-	(0.3)		
Profit after tax	-	1.0		
Dividend received	-	-		
Reconciliation to carrying amount of investment				
Share of associate's net assets	-	7.3		
Adjustments for 2015 shareholding restructure	-	1.8		
Carrying amount of investment in associate	-	9.1		

Notes to the Financial Statements (continued)

23. PROVISIONS

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Employee benefits	40.6	40.5	40.6	40.5
Other	11.6	11.5	11.6	11.5
Total Provisions	52.2	52.0	52.2	52.0
Maturity analysis				
Not longer than 12 months	44.3	47.1	44.3	47.1
Longer than 12 months	7.9	4.9	7.9	4.9
Total	52.2	52.0	52.2	52.0

Recognition and Measurement

The Group recognises provisions when there is a present obligation arising from a past event, an outflow of economic resources is probable, and the amount of the provision can be measured reliably.

Employee benefits

Employee benefits includes annual leave, long service leave and other employee benefit related provisions. Refer to Note 6 Other expenses for recognition and measurement details.

Other

Other provisions include make good for leased premises and expected costs associated with integration, regulatory and remediation activities.

24. RESERVES

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Redeemed member shares	0.9	0.9	0.9	0.9
Fair value reserve - financial assets held at FVOCI	10.5	17.5	10.5	17.5
Hedging reserve - cash flow hedges	13.5	2.4	13.5	2.4
Contributed equity reserves	858.6	858.6	858.6	858.6
Total Reserves	883.5	879.4	883.5	879.4

Recognition and Measurement

Redeemed member shares

The *Corporations Act 2001* requires that redeemable preference shares (Members \$2 shares) may only be redeemed out of the Group's profit or through a new issuance for the purpose of the redemption. This reserve represents the amount of Preference Shares redeemed since 1 July 1999 to date.

Fair value reserve - financial assets held at FVOCI

The fair value reserve is the difference between the initial acquisition cost and the carrying value of financial assets held at FVOCI.

Hedging reserve - cash flow hedges

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge reserve that are recognised directly in other comprehensive income, as described in Note 11 Derivatives. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Contributed equity reserves

The contributed equity reserves represents the net assets of Heritage Bank Limited and Savings & Loans Credit Union (S.A.) Limited recognised upon merger.

25. RELATED PARTIES

Controlled entities

The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the controlled entity. The financial statements of controlled entities are included in the consolidated financial statements from the date on which control commenced, until the date when control ceases. Investments in controlled entities are carried at cost. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial report. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

			% held by Holding Entity	
	2025 \$m	2024 \$m	2025 %	2024 %
Controlled entities				
Australian Central Services Pty Ltd	-	-	100	100
Financial Solutions Australasia Pty Ltd ¹	-	5.0	100	100
People's Choice Community Foundation Limited	-	-	100	100
Shares in controlled entities	-	5.0		

¹ Financial Solutions Australasia Pty Ltd has been deregistered.

The Parent entered into transactions with its Controlled Entities. These transactions were all carried out under normal commercial terms and are eliminated on consolidation in the financial reports. The following table provides the total amount of transactions that were entered into with controlled entities for the relevant financial year.

	Parent Income/(expense)		Parent Payable/(receivable)		Deposits with the Parent	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Financial Solutions Australasia Pty Ltd	-	-	-	6.5	-	-
Australian Central Services Pty Ltd	0.5	0.6	1.3	1.2	-	-
People's Choice Community Foundation Limited	(0.3)	(0.9)	-	0.7	-	0.6

25. RELATED PARTIES (continued)

Special purpose entities

The Group has established a number of special purpose entities (**SPEs**) for the purpose of issuing RMBS. The SPEs are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of SPEs are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Fees are received for various services provided to the SPEs on an arms-length basis, including servicing fees and management fees and are reported in profit or loss. The Group also provides arms-length interest rate swaps and loan facilities to the SPEs. Costs incurred in the establishment of a securitisation issue are amortised over the expected life of the issue.

The special purpose entities are wholly owned by People First Bank.

- Light Trust No. 5R
- Light Trust No. 6
- Light Trust 2017-2
- Light Trust 2016-2
- Light Trust 2017-1
- Light Trust 2018-1
- Light Trust 2019-1
- Light Trust 2021-1
- Light Trust 2023-1
- Light Trust 2024-1
- HBS Trust 2008-1R
- HBS Trust 2017-1
- HBS Trust No. 4

	2025	2024
	\$m	\$m
Servicer fee	15.9	16.7
Custodian fee	0.7	0.8
Net interest swap expense/(income)	3.0	(9.7)

Other Entities

People First Bank does not meet all the conditions for the control of People First Bank Foundation (**Foundation**) and accordingly the Foundation is not required to be consolidated. The Foundation deposits funds with the Group on standard terms and conditions. During the year the Group contributed \$0.8m (2024: \$0.8m) which covers the running costs of the Foundation and other donations.

26. TRANSFER OF FINANCIAL ASSETS

The Group enters into transactions that result in the transfer of financial assets, primarily loans and advances to customers and debt securities. These transactions do not result in the derecognition of the transferred assets from the Group's balance sheet, because the Group retains substantially all of the risks and rewards of ownership.

Securitisation

The Group conducts a securitisation program under an arrangement where mortgage loans equitably assigned to a SPE are converted to debt securities which are purchased by investors. The holders of the issued debt securities have full recourse to the pool of mortgages which have been securitised and the Group cannot otherwise pledge or dispose of the transferred assets. In some instances the Group is also the holder of the securitised notes.

Repurchase agreements

The Group enters into repurchase agreements involving the sale of interest-bearing securities and simultaneously agrees to buy them back at a pre-agreed price on a future date. The interest-bearing securities transferred are included in Note 12 Investment securities. The obligation to repurchase is included in Note 14 (short term borrowings).

The table below sets out the carrying amounts of financial assets transferred that do not qualify for derecognition and associated liabilities:

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Securitisations:				
Carrying amount of transferred assets:				
Loans and advances	2,454.5	2,325.8	5,102.2	4,946.0
Carrying amount of associated liabilities:				
Notes payable	2,469.4	2,303.6	-	-
Amounts payable from Parent to the SPEs	-	-	5,098.5	4,943.2
Total	2,469.4	2,303.6	5,098.5	4,943.2
Repurchase agreement:				
Carrying amount of transferred assets	-	100.6	-	100.6
Carrying amount of associated liabilities	-	100.4	-	100.4

Certain SPEs issue notes internally to the Parent to facilitate repurchase activities with the Reserve Bank of Australia. The gross amount of securitised notes issued is \$5.1bn (2024: \$4.9bn), with \$2.7bn (2024: \$2.7bn) internally issued to the Parent.

27. KEY MANAGEMENT PERSONNEL

Key Management Personnel (**KMP**) include Directors of the Group and the Executive Committee members. The Executive Committee members include those personnel with a key responsibility for the strategic direction and management of the Group.

Remuneration of KMP during the year comprising amounts paid or payable or provided for was as follows:

	2025 \$'000	2024 \$'000
Short-term benefits	9,398	12,051
Post-employment benefits	427	515
Long-term benefits	1,162	1,709
Termination benefits	-	879
Total	10,987	15,154

Short-term benefits

Short-term benefits includes salaries, fees, annual leave and sick leave paid during the year. Benefits also include cash-based incentive payments that are paid or payable and calculated with reference to a documented incentive plan.

Post-employment benefits

Included in post-employment benefits is superannuation contributions.

Long-term benefits

Long-term benefits include accrued long service leave and provision for incentive payments that have been deferred as required by prudential standard *CPS 511 Remuneration, Banking Executive Accountability Regime* and the *Financial Accountability Regime* with deferral periods of between 4 to 6 years.

Key Management Personnel of Heritage and People's Choice Limited

KMP comprises of the following Directors and Executive Committee members and whose remuneration is detailed in the table above:

Directors

M. Cameron (Chairman)
K. Betros (Deputy Chairman) (retired 15 Nov 2024)
B. Baulch
D. Campbell
P. Clare
S. Davis
A. Heyworth
V. Hickey
W. Machin
J. Patton
W. Thorpe
G. Williams (retired 15 Nov 2024)

Executive Committee Members

P. Lock Chief Executive Officer (retired as CEO 30 Jun 24)
S. Laidlaw Chief Executive Officer (appointed 1 Jul 2024); previously held position as Deputy Chief Executive Officer
M. Camilleri Chief Customer Officer
P. Corolis Chief Risk Officer
D. Dredge Chief Transformation Officer (ceased 1 Jul 2024)
V. Pace Chief Financial Officer (appointed 1 Feb 2025); previously held position as Chief Operating Officer
K. Potter Chief Merger Integration Officer (ceased 1 Jul 2024)
T. Shearn Chief Legal Officer and Company Secretary
D. Stephens Chief People Officer
A. Weir Chief Technology and Transformation Officer
P. Williams Chief Financial Officer (resigned 31 Jan 2025)
B. Wogan Chief Operating Officer (appointed 1 Feb 2025); previously held position as Chief Regulatory and Compliance Officer

27. KEY MANAGEMENT PERSONNEL (continued)

Loans with key management personnel

Loans to Directors and other KMP are either unsecured or secured by registered mortgage over eligible security in accordance with standard lending policies. Transactions are at an arms length with interest earned on loans at the same rate available to customers.

	2025 \$'000	2024 \$'000
Total aggregate loans as at the reporting date	1,578	4,526

Other transactions with key management personnel

Other transactions with KMP generally relate to deposits and financial planning advice. Financial transactions (including loans disclosed within this report) with Directors occur in the ordinary course of business on an arms length basis. For other KMP, financial transactions are made at an arms length with interest earned on loans at the same rate available to customers. Disclosure of financial transactions regularly made as part of normal banking operations is limited to disclosure of such transactions with KMP and entities controlled or significantly influenced by them. All such financial transactions that have occurred between entities within the Group and their KMP were in the nature of normal personal banking.

Notes to the Financial Statements (continued)

28. NOTES TO THE STATEMENTS OF CASH FLOW

Reconciliation of profit after income tax to net cash from operating activities:

	Consolidated		Parent	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
Profit for the year	44.1	41.4	48.2	40.5
Adjustments for non cash items:				
Depreciation and amortisation	30.0	33.7	30.0	33.7
Impairment on land held for development	-	7.1	-	7.1
Provision for impairment	(2.1)	(2.2)	(2.1)	(2.2)
Bad debts written off net of recoveries	1.6	1.5	1.6	1.5
Dividend income classified as investing cash flow	(2.2)	(2.2)	(7.1)	(2.2)
Sale of shares in associate	(2.7)	-	(4.4)	-
Share of profit of equity accounted investees	(0.6)	(1.4)	-	-
Change in assets:				
Deferred tax assets	8.5	2.2	10.8	1.7
Loans and advances	(757.9)	(1,191.8)	(757.9)	(1,191.8)
Interest receivable	3.6	(4.5)	3.6	(4.5)
Derivative assets	(17.2)	3.9	(18.7)	(6.3)
Other assets	(26.6)	3.3	(22.2)	6.7
Change in liabilities:				
Deposits and other short term borrowings	594.3	1,072.6	593.8	1,073.2
Provisions	0.2	2.6	0.2	2.6
Provision for income tax	-	(12.5)	-	(12.5)
Interest payable	(34.4)	36.0	(35.5)	67.8
Other payables	21.6	69.4	9.1	45.0
Net cash from operating activities	(139.8)	59.1	(150.6)	60.3

Reconciliation of liabilities arising from financing activities to financing cash flows:

	Lease	Notes	Subordinated	Senior	
Consolidated	Liabilities	payable	Debt	Unsecured	Total
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2024	41.5	2,303.6	124.7	399.3	2,869.1
Financing cash inflows	-	1,241.9	100.0	-	1,341.9
Financing cash outflows	(18.9)	(1,076.1)	(50.4)	-	(1,145.4)
Non-cash movements	6.0	-	(0.1)	0.3	6.2
Balance at 30 June 2025	28.6	2,469.4	174.2	399.6	3,071.8
Parent					
Balance at 1 July 2024	41.5	4,943.2	124.7	399.3	5,508.7
Financing cash inflows	-	1,116.0	100.0	-	1,216.0
Financing cash outflows	(18.9)	(960.7)	(50.4)	-	(1,030.0)
Non-cash movements	6.0	-	(0.1)	0.3	6.2
Balance at 30 June 2025	28.6	5,098.5	174.2	399.6	5,700.9

29. COMMITMENTS

Credit commitments

	Consolidated	
	2025	2024
	\$m	\$m
The Group has the following credit commitments:		
Commitments with certain drawdown	474.0	367.2
Other commitments - funds available for redraw and unused credit limits	2,343.2	2,329.8
	2,817.2	2,697.0

30. CONTINGENT ASSETS AND LIABILITIES

	Consolidated	
	2025	2024
	\$m	\$m
Guarantees		
The Group has issued guarantees as follows:		
Guarantees issued for customers	10.0	9.5

As the probability and value of guarantees being called upon is unpredictable, it is not practical to state the timing of any payment.

Regulatory matters

The Group engages with its regulators on a number of matters in the ordinary course of business including supervisory activities, regulatory reviews and formal and informal enquiries in relation to compliance with laws and regulations. The regulatory matters may result in additional costs and system changes.

31. AUDITOR'S REMUNERATION

	Consolidated		Parent	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Amounts paid or payable to the external auditors - KPMG:				
Audit services	570.5	763.3	474.6	670.7
Assurance services	218.7	210.0	192.2	210.0
Non-audit services	105.3	148.6	83.6	126.9
Total remuneration	894.5	1,121.9	750.4	1,007.6

32. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Consolidated Entity Disclosure Statement

AS AT 30 JUNE 2025

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the *Corporations Act 2001* (s.295(3A)(a)).

Entity name	Entity type	Body corporates		Tax residency
		Place formed or incorporated	% of share capital held	Australian or foreign
Heritage and People's Choice Limited ¹	Body corporate	Australia	-	Australia
Australian Central Services Pty Ltd ¹	Body corporate	Australia	100%	Australia
Financial Solutions Australasia Pty Ltd ^{1,4}	Body corporate	Australia	100%	Australia
People's Choice Community Foundation Limited ²	Body corporate	Australia	-	Australia
People First Foundation Limited ^{2,3}	Body corporate	Australia	-	Australia
Light Trust No. 5R	Trust	N/A	N/A	Australia
Light Trust No. 6	Trust	N/A	N/A	Australia
Light Trust 2017-2	Trust	N/A	N/A	Australia
Light Trust 2016-2	Trust	N/A	N/A	Australia
Light Trust 2017-1	Trust	N/A	N/A	Australia
Light Trust 2018-1	Trust	N/A	N/A	Australia
Light Trust 2019-1	Trust	N/A	N/A	Australia
Light Trust 2021-1	Trust	N/A	N/A	Australia
Light Trust 2023-1	Trust	N/A	N/A	Australia
Light Trust 2024-1	Trust	N/A	N/A	Australia
HBS Trust 2008-1R	Trust	N/A	N/A	Australia
HBS Trust 2017-1	Trust	N/A	N/A	Australia
HBS Trust No. 4	Trust	N/A	N/A	Australia

¹ These entities form part of the Heritage and People's Choice Limited tax consolidated group.

² Company limited by guarantee and Heritage and People's Choice Limited is the sole guarantor.

³ The trustee for People First Bank Foundation.

⁴ Company has been deregistered.

KEY JUDGEMENTS AND ASSUMPTIONS

Determination of Tax Residency

Subsection 295(3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance of Tax Ruling *TR 2018/5*.

Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, trusts are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Corporate Governance Statement

This Corporate Governance Statement has been approved by the Board of Heritage and People's Choice Limited (ACN 087 651 125) trading as People First Bank, Heritage Bank and People's Choice Credit Union (**People First Bank**). It describes People First Bank's key governance practices and articulates how the Board makes decisions based on sound corporate governance, acknowledging People First Bank's specific and broader responsibilities to its members, employees and the communities in which it operates.

HOW WE DO BUSINESS

Together with management, the Board of People First Bank is committed to acting lawfully, responsibly and ethically.

People First Bank adopts a principles-based approach to achieve sound corporate governance and business practices by adopting policies at Board level and cascading them throughout the organisation. People First Bank adheres to the regulatory "fit and proper" framework and has regard to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations".

ROLE OF THE BOARD

Each of the members of the Board has significant experience and brings accountability and judgement to the Board's deliberations with a view to benefitting its key stakeholders.

The role and responsibilities of the Board are set out in the Board Charter, and include responsibilities such as overseeing the operations of People First Bank as a whole, providing strategic direction, appointing and reviewing the performance of the Chief Executive Officer, reviewing and approving risk management and internal compliance and controls, monitoring the performance of management, approving and monitoring capital expenditure and capital management, assessing People First Bank's financial position and performance, approving and monitoring financial and other reporting, ensuring continuous improvement in People First Bank's performance, ensuring that the structure of remuneration for People First Bank is linked to the achievement of People First Bank's objectives, deciding the nature of delegations to management, and approving significant changes in the legal structure of the People First Bank group.

Importantly, the Board is also responsible for assessing compliance by People First Bank with its regulatory requirements and operating policies and practices, and ensuring that People First Bank meets its statutory, regulatory and fiduciary obligations.

Following the merger between Heritage Bank Limited (**Heritage**) and Australian Central Credit Union Ltd trading as People's Choice Credit Union (**People's Choice**) in 2023, the Board continues to oversee and support the integration of the two former entities and the fulfilment and implementation of People First Bank's purpose and strategic direction as the new combined entity.

STRUCTURE OF THE BOARD

The Board of People First Bank is comprised of ten Directors, five from each of the former Heritage and People's Choice entities. Over the next year, the People First Bank Constitution requires that the total number of Directors reduces to eight. In line with this requirement, two directors will retire at the conclusion of the Annual General Meeting (**AGM**) which is scheduled to be held on 26 November 2025.

The Board of People First Bank will include at least two Directors who have a strong affinity with South Australia (through residing in, or formerly residing in, South Australia) and at least two Directors who have a strong affinity with South East Queensland (through residing in, or formerly residing in, South East Queensland).

Directors who held office during or since the end of FY2025, and the year in which each was appointed to the Board (including service on the Board of Heritage immediately prior to the Merger being implemented), are set out below:

Directors – Non-Executive	Year Elected/Appointed
M.A Cameron (Chairman)	2019
K.J. Betros (Deputy Chairman) (retired on 15 November 2024)	1991
B.P. Baulch	2007
D.P Campbell	2000
P. Clare	2020
S. Davis	2011
A.E Heyworth	2017
V.S. Hickey	2014
W.S. Machin	2019
J.P. Patton	2016
W. Thorpe	2019
G. Williams (retired on 15 November 2024)	2021

Further information on the Directors can be found on the Heritage and People's Choice websites.

COMMITTEES OF THE BOARD

The Board has established standing Audit, Remuneration and Governance, Risk and Compliance, and Technology and Integration Committees. Each of these Committees has been delegated particular functions and responsibilities, and each Committee's authority and responsibilities are set out in its respective Charter, as approved by the Board. The members of each Committee have been carefully selected by People First Bank and have the necessary depth and breadth of knowledge, skills and experience relevant to the roles, responsibilities and subject matter of the relevant Committee.

The Committees generally meet at least four times a year to consider and make recommendations or decisions on matters within their Charter. Committee Chairs provide a verbal report to the Board at Board meetings, and the minutes of all Committee meetings are available to all Directors. The Board also has access to all information prepared for the consideration of Committees.

Set out below is a summary of each Committee and its functions.

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities by providing objective oversight of the effectiveness of People First Bank's prudential and statutory financial reporting, professional accounting activities and related policies and control frameworks, as well as internal and external audit functions. Activities undertaken by the Committee include overseeing People First Bank's internal and external audit functions and processes, and reviewing financial information presented by management.

Remuneration and Governance Committee

The Remuneration and Governance Committee is responsible for overseeing the design, operation and monitoring of People First Bank's remuneration and corporate governance matters, including the remuneration of Directors, and the remuneration and performance of the Chief Executive Officer. The Remuneration and Governance Committee oversees the process for evaluating the performance of the Board, its Committees and individual Directors, as well as ensuring that appropriate checks are undertaken for Directors, the size and composition of the Board, Director and Executive succession plans, the conduct of the Director nominations and elections and the conduct of the AGM.

Risk and Compliance Committee

The Risk and Compliance Committee assists the Board by providing objective oversight of the implementation and operation of People First Bank's risk management and compliance frameworks, including overseeing the formulation and implementation of an appropriate organisational-wide risk management strategy, ensuring that appropriate systems are in place to monitor emerging risks, assessing the impact of regulatory and legislative change on People First Bank's operations and obligations, monitoring the cadence and rhythm for prudential and compliance risk reporting, ensuring

that a sound risk management culture is maintained, making recommendations to the Board on the setting of People First Bank's risk appetite and ensuring that appropriate systems and resources are in place to identify and manage material risks and to monitor and review the performance of all aspects of capital management.

Technology and Integration Committee

The Technology and Integration Committee is responsible for overseeing the formulation, implementation and delivery of People First Bank's technology and integration strategies, including setting clear direction and expectations regarding strategic technology and integration decision making and ensuring that technology and merger integration decisions enhance the customer experience and build business model resilience.

REMUNERATION REPORT

In accordance with APRA standard *APS 511 Remuneration*, the People First Bank Remuneration Report must be disclosed in standalone document and in a machine-readable format to facilitate the use of the data, which can be found on the Heritage and People's Choice websites.

STRATEGY

The Board is committed to regularly evaluating People First Bank's strategy to ensure that its decisions align with People First Bank's long term strategic direction and meets People First Bank's responsibilities to its members, employees and communities in which it operates. The Board considers that this is particularly important following the Merger to ensure the proper integration of People's Choice and Heritage and the fulfilment of commitments made to members as part of the Merger.

BOARD SKILLS AND EXPERIENCE

The Board believes that its membership should consist of Directors with an appropriate mix of skills, professional experience, tenure and backgrounds that allow the Directors individually, and the Board collectively, to discharge its responsibilities and duties. In reviewing the Board skills and diversity matrix, the Board identifies the competencies and diversity required to enable the Board to fulfil its responsibilities.

The Board maintains a professional development program to ensure that its Directors remain well-equipped with the necessary skills and knowledge to assist them in effectively discharging their duties. Through this program, the Board is committed to staying abreast of current issues and changes in the regulatory and external environments.

The Board considers that it has the appropriate diversity of knowledge, skills and experience to effectively discharge its responsibilities. The relevant qualifications, experience and other directorships of each Director are available on the Heritage and People's Choice websites.

DIVERSITY

The Board is committed to diversity, inclusion and the promotion of an environment conducive to the appointment of well-qualified employees, management and Directors. In accordance with the Remuneration and Governance Committee Charter and the Merger commitment to employees, a diversity and inclusion strategy has been developed which supports a culture of inclusion, builds diversity and creates opportunities for our people to enhance organisational performance.

In addition, a Workplace Gender Equality Report is prepared annually and is available on the respective Heritage and People's Choice websites.

BOARD POLICIES

People First Bank maintains policies relating to its operational, compliance, legal and regulatory reporting requirements, which are reviewed on a regular basis and supported by procedures to ensure compliance and effective monitoring of People First Bank's business. Further details of some of these policies and procedures are set out in the Board Charter, which can be found on the Corporate Governance section of the Heritage and People's Choice websites.

MEETINGS OF THE BOARD AND BOARD COMMITTEES

The membership and details of attendances at People First Bank Board and Committee meetings for the period 1 July 2024 to 30 June 2025 are outlined below:

Director	Board		Audit		Technology and Integration		Risk and Compliance		Remuneration and Governance	
	A ⁽¹⁾	B	A ⁽²⁾	B	A ⁽³⁾	B	A ⁽⁴⁾	B	A ⁽⁵⁾	B
M.A. Cameron (Chairman) ⁽⁶⁾	7	7							5	5
K.J. Betros (Deputy Chairman) ⁽⁷⁾	4	4							2	2
B.P. Baulch	7	7	5	5						
D.P. Campbell	7	6			6	6			5	5
P. Clare	7	7			6	6	5	5		
S. Davis	7	7	5	4						
A.E. Heyworth	7	7	5	5	6	5				
V.S. Hickey	7	7							5	5
W.S. Machin	7	6					5	5	3	3
J.P. Patton	7	7	5	5			5	5		
W. Thorpe	7	7			6	6	2	2		
G. Williams ⁽⁸⁾	4	4					3	3		

(1) Seven scheduled Board meetings were held during FY2025.

(2) Five scheduled Audit Committee meetings were held during FY2025.

(3) Five scheduled Technology and Integration Committee meetings and one adhoc meeting were held during FY2025.

(4) Five scheduled Risk and Compliance Committee meetings were held during FY2025.

(5) Five scheduled Remuneration and Governance Committee meetings were held during FY2025.

(6) The Chairman also attended meetings of the Audit Committee, Risk and Compliance Committee and Technology and Integration Committee in an ex-officio capacity.

(7) K.J. Betros retired as a Director on 15 November 2024.

(8) G. Williams retired as a Director on 15 November 2024.

A The number of meetings held during the period the Director was a member of the Board or Board Committee.

B The number of meetings attended by the Director.



People First Bank, a trading name of Heritage and People's Choice Limited
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Australian Credit Licence 244310

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