



GreaterBank 

 NEWCASTLE
PERMANENT

 NGM
GROUP

ANNUAL REPORT 2023

NGM Group acknowledges the Traditional Custodians of the lands, waterways and skies on which our business operates. We pay our respects to Elders past, present and emerging.

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About NGM Group

We're Newcastle Greater Mutual Group Ltd™ (NGM Group), one of Australia's leading customer-owned banks trusted by more than 600,000 Australians who bank with our retail banking brands Greater Bank and Newcastle Permanent.

A financial powerhouse headquartered in the Hunter, we have a significant economic and social impact in regional Australia, a workforce of more than 1,600 people, a multi-million dollar annual innovation and technology investment spend, and total assets of more than \$20 billion.

NGM Group is an authorised deposit-taking institution regulated under the *Banking Act 1959* (Cth) and by government agencies such as Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC), and Australian Transaction Reports and Analysis Centre (AUSTRAC). We offer our customers competitive rates, award-winning service, and a true commitment to supporting our communities, making us a great alternative to the major banks.

We were built from innovation – 120 years ago when the big banks stepped back, we stepped up, with a solution to help customers buy their own home, and at the same time we provided an unwavering commitment to give back to our local communities. And this holds true today.

Our purpose: helping our customers and communities thrive.

FY23 highlights

Customer


600,000+
 Total NGM Group customers

9,967
 Home buyers helped into a home this year. 1,279 of these were first home buyers



Community

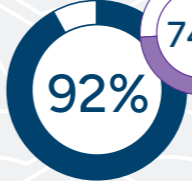
\$5 million+
 Invested in our communities this year

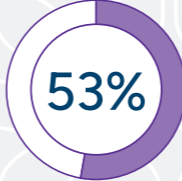


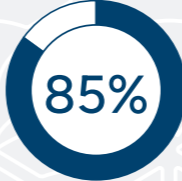
2,947 Hours volunteered by our people, with each employee also donating ~\$78 to charities and community groups

4x
 More per customer given back to the community than the major banks*

Our People

 **92%** Engagement survey participation
 Engagement score **74%**

 **53%**
 Manager and above roles filled by women, above the WGEA^ 2022 benchmark of 41%

 **85%**
 Employees who feel supported to balance work and personal life

Awards

25
 Awards received including:

Forbes 2023
WORLD'S BEST BANKS
 POWERED BY STATISTA

#1 and #6 in Australia in 2023 Forbes World's Best Bank rankings



Australian Design Awards, Digital Finance – Gold (for mobile banking app)



DBM Australian Financial Awards, Winner – Most Reputable Bank



Money magazine, Winner Customer-Owned Institution of the Year



Mozo, Expert's Choice Award Home Lender Bank of the Year

Enhanced workplace policies including:

- Increased paid parental leave entitlements
- Recreation leave for family, cultural, and other events
- Increased domestic violence leave
- Flexible ways of working, including hybrid

\$1.2 million+
 Donations to charities and community groups by our people in the past decade

How our customers choose to transact

- 97%** Digital banking and cards
- 2%** ATM
- 1%** Branch

Financial

\$72.9 million
 Net profit after tax

\$20.1 billion
 Total assets

\$1.7 billion
 Net assets

\$15.3 billion
 Home loan portfolio

\$16.5 billion
 Customer deposits

*Sector impact assessment of Customer Owned Banking in Australia, KPMG, 2023

^Workplace Gender Equality Agency Gender Equality Reporting

Creating a regional financial powerhouse

Following the successful merger between Greater Bank and Newcastle Permanent, we have achieved our vision of creating a financial powerhouse based in the Hunter.

Today, NGM Group has more than 600,000 customers, more than \$20 billion in total assets, and a workforce of more than 1,600 people.

Building on our combined history of more than 200 years, NGM Group is focussed on sharing our way of banking with more Australians, all while keeping skills and expertise, jobs, and investment in the Hunter.

It is with enormous pride that we have completed, or are on track with, the merger commitments made to our members.

Completed

- ✓ NGM Group remains 100% customer owned, and with no shareholders to consider, we will continue to invest profits for the benefit of our customers and local communities.
- ✓ Both iconic brands, Greater Bank and Newcastle Permanent, have been retained meaning there's been no change to your bank accounts or banking details.
- ✓ You can access our Greater Bank and Newcastle Permanent ATM networks for free.
- ✓ Our headquarters and customer contact centres are, and will continue to be, based in the Hunter, as they always have been.
- ✓ A new NGM Group Board of Directors was established comprising four Directors from both Greater Bank and Newcastle Permanent.

On track

- ✓ Our people have come together and are now one of the largest employers in the region. There will be no forced redundancies as a result of the merger for at least two years from the merger date.
- ✓ The combined number of branches will be retained for at least two years from the merger date.
- ✓ We will continue to support our local communities by at least maintaining the \$4.5 million invested each year by Greater Bank, Newcastle Permanent, and our respective charitable foundations. In fact, in FY23 we invested more than \$5 million by way of community support.



Our strategy

Our bold strategy brings together our core purpose, where we are going, how we intend to get there and what success looks like – giving us clarity and focus for the next three years.

Our purpose:

Helping our customers and communities thrive

Our strategic ambition:

Passionate people enabled to deliver the future of trusted banking

Our values:



Lead with heart



Own the action



Embrace opportunity



Thrive together

Our five strategic priorities are how we measure success in achieving our purpose and strategic ambition:

Retain and grow customers

We have two iconic brands that our customers know and love, supported by trusted banking propositions to help even more Australians in the future.

Become one team with a shared culture and values

We're harnessing the collective expertise of our passionate people to realise our strategic ambition through a culture of supporting change, innovation, and sustainable growth.

Be an integral part of our communities

Unwavering commitment to our core purpose of mutual banking – helping build communities that are vibrant and filled with opportunity as we strive to become a recognised banking industry leader.

Retain and mature our operational, financial, and risk resilience

Creating a strength of resilience across our operational, financial, and risk infrastructure to unlock strategic optionality and competitive advantage for the future.

Enable our people and customers through technology

Building a cost-effective, fit-for-purpose technology and architecture foundation to support current and future customer and business needs, delivering adaptability and speed to market.

Why we're different:

Customer-owned banking model

We don't have shareholders so we can focus on delivering value through great rates and low fees to our customers, while also supporting our local communities.

Our customer-owned mandate supports a culture where our people genuinely care about making a difference.

Strength and resilience

As a result of the merger, NGM Group is now classified by the regulator APRA as a Significant Financial Institution, and holds the market-leading capital position amongst peer customer-owned banks. This enviable position is testament to the strength of the organisation and strong leadership.

We are well-placed to execute from a position of strength with proven implementation ability and capability.

Trust

Collectively, customer-owned banks are the most trusted banks in Australia.

Based on customer advocacy ratings and awards, NGM Group is one of Australia's most trusted banks.

We are a people business composed of passionate local expertise and personalised banking services customers can rely on.

Our customers trust us with their money and their data – this has been hard earned. In an ever-changing world, where new technology and ways of staying safe and secure for banking are evolving, we will continue to educate and assist customers on their journey to achieve their financial goals.

Community connection

We are proud of our Hunter heritage and actively champion and celebrate our region.

We have a long history of supporting those communities that support us and we will build on this core strength.

We will broaden our community connection as we look to expand and grow our business into new communities over time.

Delivering our strategic priorities

Our strategic priorities are how we will deliver our Group strategy and achieve our purpose of helping our customers and communities thrive.



Charles, Software Engineer

Strategic priority 1: Retain and grow customers

Focus areas

- Develop and implement our multi-brand strategy
- Leverage trust as a strategic differentiator
- Drive momentum in our core business

NGM Group was the only Australian bank with two of its brands in the Australian top 10 of the 2023 Forbes World's Best Banks rankings: Newcastle Permanent was named Australia's Best Bank and Greater Bank ranked sixth best bank in Australia. In presenting these rankings, Forbes considers, among other things, overall customer satisfaction, trust in the bank, how likely a customer is to recommend the bank, customer service, and digital offerings. This recognition brought the total awards presented by industry and business to our brands during FY23 to 25 awards.

Customer advocacy for both brands this year was exceptional. Newcastle Permanent recorded outstanding customer advocacy, ending the year with customer satisfaction of 92% and a net promoter score (NPS) – a widely accepted measure of how likely our customers are to recommend us to friends and colleagues – of 47, well above the scores of the major banks. Greater Bank ended the year with customer satisfaction of 83% and an NPS of 30, also well above the majors.

This year NGM Group reported a 15% uplift in new customers. We have a strong agenda to grow our deposit and lending customer base in FY24 and have identified opportunities to deepen our market share within our footprint, while also starting to expand our offerings into new regions.

Securing trust from our customers, and importantly, maintaining it is imperative. We understand the high trust our customers have with us is

hard earned and must be actively maintained. As a customer-owned bank, we are one of the most trusted banks in Australia and we will leverage the high trust we have established with our customers and community as a point of difference to retain our existing, and attract new, customers to our organisation.

Sound progress was made towards the delivery of our multi-brand strategy. A merger commitment was that both Greater Bank and Newcastle Permanent brands would be retained – both brands earning strong awareness, consideration, and trust within their respective branch operating footprints. Fantastic opportunities have been identified for each brand going forward to target specific customer segments with distinct brand and customer value propositions.

While only 1% of total customer transactions occur through our branches, they remain a critical part of our future. A key priority for FY24 will be to invest in our branches to refresh customer spaces. We also plan to expand our new digital home loan offering and refresh both our Greater Bank and Newcastle Permanent banking apps, with a focus on delivering enhancements throughout the year to both banking and security features. We will continue to support our customers to detect and prevent fraud and scam activity, and prioritise supporting those customers who are vulnerable through dedicated training for our people, and enhanced transaction monitoring.



Strategic priority 2: Become one team with a shared culture and values



Lead with heart



Own the action



Embrace opportunity



Thrive together

Focus areas

Setting our culture – embedding our purpose and values

Attracting and retaining key talent

A highly engaged workforce is a powerful and successful workforce. As we brought our two organisations together, we prioritised our people and their engagement.

Our people were actively engaged in the development of our new organisational values. More than 1,100 of our people took part in a survey, which provided valuable data on what mattered to each employee. Using this data, around 150 employees then participated in nine workshops and undertook a robust process to capture the core themes of the data and develop actionable phrases that represented our NGM Group way. The outcome is our NGM Group values. Our values are pivotal in bringing to life the culture we have and want to nurture and setting the expectations of desired behaviours of all our people.

Our first employee engagement survey determined we have a highly engaged workforce with a 92% participation rate and an engagement score just below the top quarter percentile globally; a remarkable achievement for a newly merged organisation.

Delivering on both our purpose and our merger commitment to create new opportunities for our people, in the first four months to 30 June 2023 of NGM Group, 80 of our people were appointed to new positions that did not exist pre-merger or were permanently promoted to new roles. Additionally, within NGM Group 53% of management or above roles are held by women – significantly higher than the WGEA Australian benchmark of 41%.

Strategic priority 3: Be an integral part of our communities

Focus areas

Enhance our sponsorships, community partnerships, and charitable foundations

Embed our industry leadership position

Mature our ESG Framework

As one of Australia's leading customer owned banks, NGM Group is a trusted voice in industry and amongst government and regulators. A member of COBA (Customer Owned Banking Association), we aim to be a beacon for our sector, a regional financial powerhouse, and are well positioned for sustainable long-term growth. We engage government, sharing our expertise, for the collective benefit of the mutual banking sector and our members.

Proudly headquartered in the Hunter region, upon merging we increased our support and championship of the region and local business community. NGM Group is a member of Business Hunter, Committee for the Hunter and, through the retail brands, has numerous partnerships with the University of Newcastle.

Publishing our inaugural Environmental, Social, Governance Framework (ESG), we are continuing to evolve our approach to reporting our ESG commitments and sharing our journey with our customers, our people, and our community. We are currently advancing our NGM Group Reconciliation Action Plan (RAP) with a view to launching our NGM Group Innovate RAP in 2024 to develop and strengthen relationships with Aboriginal and

Torres Strait Islander peoples and engage our people and stakeholders in advancing reconciliation. A climate risk analysis of our loan portfolio and a carbon emission baseline analysis have provided an understanding of opportunities to initiate reductions in our emissions. Additionally, we are progressing the development of our Group Climate Change Action Plan and we are on track to meet all sustainability regulatory requirements by 1 July 2024. Read more about our ESG developments and commitments on page 20.

Another merger commitment was to at least maintain our combined \$4.5 million in community support from Newcastle Permanent, Greater Bank, and our respective charitable foundations. At the end of the financial year, collectively we invested more than \$5 million in our communities, supporting partners such as Surf Life Saving, grassroots netball associations, Northern NSW Football, Newcastle Jets Football, University of Newcastle, Hunter Medical Research Institute, batyr, Feel the Magic, Veritas House, Rainbow House, and delivering our family-favourite Cinema Under the Stars events. As we look to FY24, we are committed to continuing the important role we play in helping to build vibrant communities.





Strategic priority 4: Retain and mature our operational, financial and risk resilience

Focus areas

Leverage our financial resilience
Develop our risk and operational maturity

NGM Group intends to build on its strengths. We are Australia's best-capitalised large mutual and will use this strength to maintain growth momentum to execute a large change program and to ensure we are prepared for unexpected events or external disruption. We will be prudent and balanced in our decision-making, focussed on an outcomes-based approach, and maintain an awareness of how the components within our operating model reinforce each other to consistently build resilience.

Our strategic roadmap includes initiatives that will simplify our business, build capacity, scale and efficiency, and effectively manage risk.

We are prioritising our transition into harmonised operational systems and processes to create organisational efficiencies in areas including: governance, risk and compliance,

human resources, finance, complaints, and financial crime. Additionally, capacity has been uplifted across divisions of the business including scams and fraud, audit, and strategy.

We will invest in, measure and monitor our risk culture so that we fully understand our opportunities and challenges, while delivering programs that guide and influence our risk culture so it's centred in our values and underpins our strategy and aspirations.

We delivered the NGM Group Risk Culture Framework and integrated our first- and second-line risk teams in readiness for the merger on 1 March. Our focus on risk is having positive impact across the organisation: our inaugural organisational risk survey indicated that the overwhelming majority of our people agreed that risk management is regularly considered and reflected as a core part of decision-making.



Strategic priority 5: Enable our people and customers through technology

Focus areas

Develop and implement timely and relevant technology services for our customers
Continue to elevate our cyber security capability
Continue our technology enablement program

NGM Group is committed to delivering the banking services our customers need today and will want tomorrow. We have launched a digital home loan offering, and our apps are ranked in the Apple App Store amongst the best in our peer set. In fact, our Newcastle Permanent App was awarded Gold (Digital) at the 2023 Better Future Australian Design Awards.

We will leverage the existing technology strength to create a technology pathway for NGM Group. We'll simplify and digitise processes and functions, and deliver efficient and seamless customer experiences across lending and transactional banking.

With the help of leading external technology advisors we've undertaken a strategic evaluation of NGM Group's existing and planned technology solutions and work underway. The outcome being that NGM Group is adopting a technology enablement

approach that is aligned to our strategic direction and preferable for an organisation of our size and complexity. The work completed by each brand before the merger is a cornerstone for the NGM Group technology strategy and enablement plan. We're committed to continuing to invest significantly in technology to deliver excellent services and experiences for our customers, today and in the future.

Building cyber resilience

We are committed to the ongoing development of cyber resilience. This year we plan to deliver projects to enhance digital identity, fraud detection, and empower our customers to protect themselves through digital literacy workshops and social campaigns. We will deliver uplifted cyber capability across both brands.

Message from the Chair



This past year has been historic for our organisation; we brought together two iconic Hunter-based organisations, Greater Bank and Newcastle Permanent, to create one of Australia's leading customer-owned banks, NGM Group.

Headquartered in the Hunter, we are trusted by more than 600,000 customers, and are a regional powerhouse generating positive impact, with a workforce of more than 1,600 and total assets of more than \$20 billion.

In presenting the merger proposal to you, our members, we made a number of important commitments, outlined on page 6 of this report. It is with pride that we have delivered or made progress on each commitment.

To the thousands of members who voted in support of our merger, the NGM Group Board of Directors say thank you. To the merger teams at Greater Bank and Newcastle Permanent, thank you for your professionalism and commitment. I also acknowledge and thank our regulators and take the opportunity to thank the Federal Treasurer for his support and clear endorsement of our merger.

I extend my personal thanks to Jeff Eather, NGM Group Deputy Chair and formerly Newcastle Permanent's Chair for his support in our shared vision for the merger.

Finally, I also thank our CEO Bernadette Inglis and the NGM Group Executive for their leadership as we created NGM Group. They have been instrumental in the development of the organisational strategy and leading our business through this significant period of change.

Business performance

The bank delivered a strong financial result in FY23, demonstrating the underlying strength and stability of the organisation. The result is underlined by outstanding capital and liquidity positions that provide resilience and allow NGM Group to continue to invest in customers and technology in uncertain times.

Net profit after tax was \$72.9 million, a strong result considering total assets in excess of \$20 billion, net assets of \$1.7 billion, and the challenging operating environment. Key to this result was balancing customer outcomes in a rising interest rate environment, maintaining strong underlying business performance, while also completing the merger of our two iconic brands.

At 21.9%, our capital adequacy position is market-leading amongst our peers and stronger than anticipated pre-merger. This result illustrates NGM Group's sound underlying profitability and stability. This is one way we are delivering on the merger commitment to provide financial strength and resilience for the organisation.

The FY23 financial results provide NGM Group with an extremely strong foundation on which to build and grow into the future. This strength will be critical in continuing to deliver on the commitments we made to our members as part of the merger.

Board of Directors

As we became NGM Group on 1 March 2023, I acknowledge the commitment of our newly created Board of Directors, comprised of four Directors each from Greater Bank and Newcastle Permanent. I also acknowledge and thank outgoing Greater Bank Director, Roger Cracknell and Newcastle Permanent Directors, Jennifer Leslie, Margie Haseltine, and Karina Kwan for their unwavering dedication to ensuring the success of the merger and the creation of our new organisation.

On 1 June 2023, the Board welcomed Rod Jackson as a Director. Rod's extensive and varied experience includes understanding and managing the power of a multi-brand strategy. This combined with his strong customer and team focus, will be invaluable as we work to achieve NGM Group's long-term strategic objectives.

Setting our strategy

Our purpose: Helping our customers and communities thrive

In an environment characterised by significant change and where trust in major banks and other large organisations goes through periods of variability, NGM Group's commitment to mutuality provides a stable and enduring mandate to deliver value that customers can trust.

In setting our purpose and related strategy for NGM Group, the Board was driven by a strong ambition to be Australia's leading customer-owned bank. Our five strategic priorities are: retain and grow customers; become one team with a shared culture and values; be an integral part of our communities; retain and mature our operational, financial and risk resilience; and enable our people and customers through technology.

These priorities will be executed through our strategic plan over the next three years to build a bank that will deliver what our customers need today and will want tomorrow. Our achievements with respect to our five strategic priorities are covered from page 10 in the *Delivering our strategic priorities* section of this annual report.

Technology as an enabler

The work completed by both organisations prior to the merger forms the cornerstone for the NGM Group technology enablement plan. NGM Group is committed to continuing to invest significantly in technology to deliver excellent services and experiences for our customers.

As we work towards this and integrating our systems, we undertook an external evaluation of the Greater Bank technology program – a broad series of technology initiatives including a new core banking system – and the program's alignment to our NGM Group strategic plan and direction.

The outcome of this review was that the Greater Bank core banking project will not continue and NGM Group is now transitioning to a Group technology enablement approach better aligned to our strategic direction, which will benefit the entire NGM Group. And, we are already delivering on these benefits: technology integration of our two call centres is making good progress; we've launched our digital

home loan for our Newcastle Permanent brand and work is progressing for rollout to our Greater Bank brand; and we've made it easier for customers to open a market-leading Newcastle Permanent account through the app and start using their digital card almost immediately.

Looking ahead

Prior to merging, both Greater Bank and Newcastle Permanent were financially strong, successful organisations. However, when the former Boards presented the merger rationale to members, we highlighted the increased complexity and focus on new banking regulations and compliance, alongside increasing consumer demands for enhanced digital options and security. By coming together, we believed we would provide scale and be well positioned to deliver long-term value and sustainability. This rationale remains as true today as it did when first presented to our members.

In coming together, NGM Group is in an enviable position financially, with strong foundations and great resilience. The year ahead is filled with positivity, possibility, and as we purposefully execute our strategy and lean into challenges, we will solidify our position as one of Australia's leading customer-owned banks.

Wayne Russell
Chair

Message from the Group CEO



What a landmark year FY23 was for our organisation. I am immensely proud of our people, who so positively supported the merger between Greater Bank and Newcastle Permanent and showed strong resilience during a significant time of change as we brought the two organisations together.

In creating a regional financial powerhouse serving more than 600,000 customers, NGM Group is one of Australia's leading customer-owned banks that has a connection with our customers and community that is the envy of the major banks.

In starting our integration journey, we took deliberate action to support the wellbeing of our 1,600-strong workforce. We have prioritised team and operational systems integration. Setting culture and organisational values, providing clarity for our people early in our integration journey, has been the right approach for us. Our first employee engagement survey achieved a 92% participation rate and an overall result that placed NGM Group close to the top quarter percentile globally. This is a remarkable achievement for an organisation that was less than three months old.

Continuing to prioritise our people and our culture, within the first month of merging we provided all our employees the opportunity to participate in the development of our organisational values. Developed by our people, for our people, our values underpin everything we do at NGM Group. Find out more on page 8.

Our strategy and strategic priorities, detailed on pages 9 to 15, bring together our purpose, where we are going, how we intend to get there, and what success looks like – enabling us to focus our efforts in the coming years. We will leverage our opportunity to share our trusted banking experience with even more Australians by exploring opportunities to enter new markets in a targeted manner and continue our unwavering commitment to help communities thrive.

We are already seeing the benefits of our strategy flowing through into the financial results. Helping customers into new homes is at the core of our business and, despite rising interest rates and slowing credit growth, in the months following the merger, both brands grew home loan balances, taking total home loan balances for NGM Group to \$15.3 billion.

While the credit quality of the lending book remains exceptional and the arrears rates remain low, we have increased the provision for credit losses by \$12.3 million to \$25.2 million (or to 16 basis points of gross lending assets) as a prudent measure given increasing interest rates and cost of living pressures. No losses were recorded on the home loan portfolio in FY23 and we remain committed to working with, and supporting, our customers during these challenging times.

Total deposit balances at 30 June 2023 were \$16.5 billion, an outstanding result that provides funding and liquidity to our organisation and reduces the need to access wholesale markets at a time of increased volatility. We understand our deposit customers place trust in us when they hold their deposits with us and we will continue to balance the needs of both our deposit and lending customers when making changes to interest rates.

As we bring our teams together, a key focus is to build on our strong risk foundations, reduce complexity, and develop an enduring risk culture. As we integrate and enhance operational excellence across our business, we will support our people through appropriate policies, processes and systems to empower them to support our customers to navigate the complex financial landscape and achieve their financial goals.

In a year of significant change, our focus remained on delivering outstanding value and service for our customers. Customer advocacy for both our retail brands is high and well ahead of the major banks. It was also with enormous pride that we were named Australia's Best Bank in the 2023 Forbes World's Best Banks rankings, with both our brands being named in Australia's top 10 and Newcastle Permanent being ranked number one; these rankings were determined based on an independent survey of thousands of customers. These accolades are just two of the numerous business and industry awards our brands received, which also included Most Reputable Bank, Most Recommended Home Loan, Home Lender Bank of the Year, Highly Trusted, and Best Customer Owned Institution. For full award details see pages 23 and 27.

In delivering on our merger commitment that branches remain a critical part of our future, across the entire year, for Greater Bank and Newcastle Permanent collectively we invested \$3.5 million towards refurbishing and updating branches. Following the devastating floods in the region, Greater Bank and Newcastle Permanent recommitted to Lismore by opening new branches in the city. Newcastle Permanent's Kotara, Kurri Kurri, and Ballina branches were fully refurbished, and Greater Bank relocated and opened a new Kotara branch.

Innovation and technology advancements provide opportunities for new ways for our customers to do their banking. This year NGM Group delivered a cutting-edge digital home loan, launched by Newcastle Permanent, which enables customers to apply for a home loan, in their own time, and receive conditional approval in as little as 30 minutes. A similar experience will soon be provided through Greater Bank. This follows other recently launched innovations to help our customers, including digital verification of identity and paperless loan applications.

Newcastle Permanent's banking app continued to delight customers and continued to be one of the highest-rated apps amongst our peers in the Apple App Store. New features introduced during the year included instant digital cards in-app, automated home loan repayments, and an ability to fully manage term deposits from the app. Throughout FY24, we look forward to enhancing and delivering new features for our customers on both our Greater Bank and Newcastle Permanent banking apps.

This year we experienced more sophisticated and heightened threats against our customers' funds and data from scams and financial crimes, a trend we expect to continue. We prioritise making banking secure and are constantly evolving our fraud detection and prevention methods. This past financial year we invested in our fraud and scam detection and prevention activities, implementing a range of systems enhancements, and continued uplifting our people's capabilities. We proactively offer education resources and run awareness campaigns for our customers on how they can protect themselves from scams. Our ongoing employee training focusses on how our employees can detect scams and how to best support our customers who are affected. As we look to FY24, a priority is our continued investment towards our scams and financial crimes systems and processes, and supporting our customers.

This past year the Executive Team has managed multiple priorities and maintained an unwavering focus on delivering

quality outcomes for our customers. I take this opportunity to thank our Executive Team for their leadership, dedication, and care of their people during this significant period of change. I also thank our people for their resilience during this time of change and unwavering dedication to our customers and each other.

We have published our inaugural NGM Group Environmental, Social, Governance (ESG) Framework which outlines our guiding principles for embedding sustainable and ethical business practices in our operations. Our ESG Framework is a reference point for the goals and commitments we are working towards, and the governance in place to support our objectives. More detail on our ESG Framework is outlined on page 20.

This past year NGM Group continued to honour our proud heritage of building communities that are vibrant and filled with opportunity by supporting those communities that support us. Across our Group's retail brands and charitable foundations we invested more than \$5 million, with our retail brands partnering and sponsoring numerous community groups and programs across community sport, education, arts, culture and heritage, and environment. Our two charitable foundations continued their exceptional work to support charity organisations making a tangible difference in our community.

I am very proud of how our teams have come together to create NGM Group, one of Australia's leading customer-owned banks – all without missing a beat in delivering exceptional service for our customers. Our organisation is strong, with a clear purpose and strategy which is our blueprint to continue to grow our business and deliver to our customers.

We are NGM Group: helping our customers and communities thrive.

Bernadette Inglis
Group CEO

A considered Environmental, Social, Governance approach

As one of Australia's largest customer-owned financial institutions, having a focus on making sustainable decisions and acting in an ethical and responsible way is part of NGM Group's DNA. Our inaugural Environment, Social, Governance (ESG) Framework, launched in late 2023, outlines our guiding principles for embedding sustainable and ethical business practices in our operations.

Our ESG Framework builds upon the foundations of practice that both Greater Bank and Newcastle Permanent had been implementing over many years. Separately, both organisations had a history of delivering impactful social and sustainable outcomes. Together, the opportunity to strengthen and deepen that impact has been realised and is reflected in the NGM Group ESG Framework.

Our ESG Framework is a reference point on the goals and commitments we are working towards and the governance in place to support our objectives across our five key pillars:

<p>Our customers Aspiration: to deliver our customers the future of trusted banking</p>	<p>Our people Aspiration: to help our people achieve their best, professionally, personally, and within our local communities</p>
<p>Our community Aspiration: to be an integral part of our communities</p>	<p>Our environment Aspiration: to proactively work to minimise our environmental footprint and seek to engage our employees, our customers, and our community to create positive impact for both people and planet</p>
<p>Our governance Aspiration: to continue to be recognised as ethical, honest and delivering beneficial outcomes for our customers and local communities</p>	

For full details, NGM Group's ESG Framework is available at ngmgroup.com.au/esg

Climate and carbon

We are committed to delivering a fit-for-purpose strategy aimed at reducing our use of natural resources, improving our efficiency practices, and reducing our overall environmental impact.

We are committed to our customer-owned status and focus on providing retail banking services to individuals, families and small business.

The climate physical risk impacts on NGM Group's lending portfolio have been assessed as being relatively low. We will continue to identify, monitor, and assess climate-related risks.

We are currently developing our climate action plan, including preparations for mandatory reporting and working towards reducing our carbon emissions.



Smoking ceremony at our King Street office as part of the merger Day 1 celebrations.

Our reconciliation journey

NGM Group supports reconciliation with the aim of building an understanding of the needs of Aboriginal and Torres Strait Islander peoples in our communities and forming partnerships that provide opportunities for economic prosperity and social inclusion.

As a leading customer-owned financial institution, we have an important role to play in furthering reconciliation, and we are committed to doing so in an authentic and collaborative way, as we work towards our NGM Group Innovate Reconciliation Action Plan. This will allow us to develop and strengthen our partnerships with our Aboriginal and Torres Strait Islander communities. We will also further explore our sphere of influence as a business to continue progressing cultural understanding, awareness, and unity.

NGM Group has taken important steps to advocate and advance reconciliation across the organisation. We have delivered cultural awareness sessions for our Board and our people, and have implemented a dedicated working group which includes representatives from all divisions of the organisation. We have also formed a committed 'champion group', composed of senior leaders from across the business. The role of these senior leaders is to champion the agreed actions and influence and engage the broader organisation.

As we seek to make a meaningful and authentic contribution to Australia's reconciliation journey, getting these early steps right will ensure the sustainability of our reconciliation actions.



Greater Advantage

Greater Bank continued to delight customers this year, delivering high customer advocacy and ending the year at 83% customer satisfaction while also building momentum across the brand.

Our focus across the year was to deliver incredible service and develop innovative solutions that would delight our existing customers and attract new ones to our brand.

Our customers continued to eagerly embrace the convenience of digital banking with almost 80 million logins being made through our Greater Bank app or internet banking.

Keeping our customers' money and data safe is our highest priority. This year we implemented several fraud preventative measures including: a proactive campaign encouraging customers to set up two-factor authentication on our banking app; payment limits for new customers; and strengthened controls for new customers through requiring multiple sources of government identification when setting up a new account online.

Throughout the year we also sought to proactively provide information to our customers about new and known scams and on ways they could bank safely online.

As we look ahead into FY24 we plan to make our digital banking offering even better. Customers can expect a new look and feel for the Greater Bank app and internet banking, as well as new features to make your everyday digital banking even easier.



In support of our network we opened a branch, at a new location at Lismore Central Shopping Centre, relocating from our post-flood temporary site at the Mutual Hub at Southern Cross University. This was a proud moment for our team to have a fresh, permanent location for our local customers. Additionally, relocating our Kotara branch gave us the opportunity to introduce our 'branch of the future' design, featuring welcoming and open customer spaces combined with modern technology solutions.



As the external environment shifted and the official cash rate increased during the year, we reviewed our interest rates with consideration to our home loan and deposit customers. This provided us the opportunity to review our savings and term deposit offers for our customers.

As the year ended, we saw increased momentum with more customers choosing Greater Bank for their home loan. We are delighted to be helping more customers achieve their financial goals and are confident this strong progress will continue into FY24.

At year end, the trophy cabinet was overflowing with accolades including the prestigious Mozo Expert's Choice Award for Home Lender Bank of the Year, *Money* magazine's Best Customer Owned Institution, Mozo People's Choice Award 2023 – Outstanding Customer Satisfaction, ranked sixth in Australia in 2023 Forbes World's Best Banks, and Mozo People's Choice Award 2023 – Highly Trusted.

Best Refinance Home Loan for Great Rate
2023 Rate City

Best Variable Home Loan for Great Rate
2023 Rate City

Best for Refinance Home loans
WINNER
2023 WeMoney

World's Best Banks Awards
#6 in Australia
2023 Forbes

Best Customer-Owned Institution
WINNER
2022 Money magazine

Excellent Rates and Fees – Home Loan
WINNER
2023 WeMoney

Ultimate Home Loan (Discount)
2022 MOZO Experts Choice Award

Home Lender Bank of the Year
2022 MOZO Experts Choice Award

Outstanding Customer Satisfaction
2023 MOZO People's Choice Award

Highly Trusted
2023 MOZO People's Choice Award



Community



We were built on supporting those communities that support us and believe it's important to give back and invest in the wellbeing and growth of our local communities. At Greater Bank, we focus our support across a range of groups, activities, and events from sport, education, arts and culture, health, and the environment.

In FY23 our ongoing partnership with the Newcastle Jets Football Club enabled us to connect more than 1,200 children to their favourite Jets players through our Jets:PLAY free coaching clinics. We also proudly facilitated the development of the physical wellbeing and health of students at more than 85 primary schools through our Jets:LEARN program, of which 20 received a visit from the Newcastle Jets. The partnership also allowed children with autism to enjoy Newcastle Jets home matches through the provision of a quiet room for Greater Charitable Foundation partner, ASPECT.

Our support for grassroots netball, now in its 30th year, continued to assist 19 netball associations across our footprint to strengthen the netball pathway for aspiring young athletes through the Western Region, Central Coast, and Hunter Academy of Sport Netball programs, as well as Sam Poolman's ASPIRE Netball Development Program.

Creating a vibrant local community, we were delighted to again present the Greater Bank Newcastle Show in 2023. Visitors to the Show were invited to attend the Greater Bank marquee where children were encouraged to interact with Sparkie, the mascot for our SPARK program, a digital platform featuring videos and activities to help kids of all ages learn and practise positive habits to save money.

Ensuring our next generation has access to free financial literacy programs, tools and resources, our partnership with the University of Newcastle, now in its fifth year, saw the Greater Bank Financial Literacy Program evolve and grow. In this highly successful and sought-after program, Greater Bank employees deliver curriculum-aligned financial literacy lessons directly to high school students. Since 2021, more than 3,300 high school students across NSW have taken part.

Our Greater Bank Community Funding Program continued to support our local communities across seven regions spanning the Illawarra in the south, the Central West in western NSW and from early 2023, the Gold Coast in the north. During the year, 230 community organisations collectively received \$254,000 in funding to improve the lives of those in our community.



This year, Greater Charitable Foundation continued to deliver grants to organisations with the aim of improving the overall financial wellbeing of participants and making a long-term positive impact on those we support.

In the 2023 financial year we provided more than \$1 million to six new and three existing charity partners.

	Social welfare	Employment	Health	Education
Dress for Success	✓	✓		
Zahra Foundation	✓	✓		✓
Australian Literacy & Numeracy Foundation				✓
batyr			✓	✓
The Smith Family				✓
University of Newcastle				✓
Ronald McDonald House Charities Northern NSW			✓	✓
Autism Spectrum Australia		✓		✓
Leukaemia Foundation			✓	

Since its inception in 2012, Greater Charitable Foundation has provided more than \$12.6 million in funding to 35 charities which has positively impacted the lives of more than 34,000 Australians.

We cannot be more proud of the amazing difference we are able to make to our communities that comes from the support of Greater Charitable Foundation.



Here for good

FY23 was an outstanding year for Newcastle Permanent. Customer advocacy remained exceptionally high with customer satisfaction at year end at 92% and the net promoter score – a widely accepted measure of how likely customers are to recommend us to friends and colleagues – was 47; well above the average score of the major banks which was below zero.

Helping our customers achieve their financial goals is what drives us. Our app continues to be one of the highest-rated banking apps on the Apple App Store, maintaining last year's rating of 4.7 out of 5. A full refresh of the look and feel of the app delighted our customers and took out a design award. Throughout the year we innovated and introduced new app features, including term deposit management, automated home loan repayments, instant digital cards, and improved accessibility features.

Standing by our commitment that branches remain a critical part of our future, we invested in a full refurbishment of our Kurri Kurri and Kotara branches. We recommitted to the flood-devastated Lismore region, opening a brand new branch in the local shopping centre, and refreshed our Ballina branch.



We continued to deliver our in-branch Digital Masterclasses to educate our customers on how to bank safely online and we increased our communication with customers about new and known scams.

As the official cash rate continued its upward shift throughout the year, we reviewed our interest rates with consideration to our home loan and deposit customers. This has enabled us to review our most popular saving offers and ensure we remain highly competitive in market.

Helping customers into their home is core to our business and it was with delight that Newcastle Permanent was appointed to the Home Guarantee Scheme (HGS) as a Participating Lender. Through the HGS this year we helped 356 first home buyers and single parents with a dependent into their homes.

This year saw many ultra-low fixed rate home loan terms come to an end. To support our customers through the rate transition, we communicated with our customers, offering support and information about how they could proactively prepare for the change. We remain committed to offering this support.

In helping time-poor Australians into homes, this year Newcastle Permanent launched our innovative digital home loan, making applying for a home loan as efficient as possible. Cutting-edge technology has enabled a user-friendly application process and is a game changer for customers looking for a speedy approval with approvals being given, in some instances, in less than 30 minutes.

Landing the accolade of Australia's Best Bank in the 2023 Forbes World's Best Bank Awards – where a range of factors, such as customer satisfaction, trust in the bank, and digital offerings are considered to determine rankings – recognised our holistic approach to delivering exceptional banking for our customers. This was just one of numerous awards presented to Newcastle Permanent during the year for customer service, exceptional products, and trust and reputation.

**World's Best Banks Awards
#1 in Australia**
2023 Forbes

**Consumer Banking Awards
Most Reputable Bank
WINNER**
2023 DBM Australian Financial Awards

Secured Personal Loan
2023 MOZO Experts Choice

Low Rate Business Credit Card
2022 MOZO Experts Choice

Excellent Customer Service
2022 MOZO People's Choice Award

**Owner Occupier Home Loan – Variable
Highly Commended**
2023 Finder Awards

**Best Home Loan Package
WINNER**
2022 WeMoney

**Digital Finance
GOLD WINNER**
2023 Australian Design Awards

**Financial Product Awards
Most Recommended Home Loan
WINNER**
2023 DBM Australian Financial Awards

**Financial Product Awards
Most Recommended
Owner Occupier Home Loan
WINNER**
2023 DBM Australian Financial Awards

Community



This year we honoured our heritage of proudly helping to build communities that are vibrant and filled with opportunity.

Our partnership with Surf Life Saving, now into its fourth decade, continues to help keep our beaches safe. Partnering with every branch from Umina on the NSW Central Coast to Fingal on the Queensland border, this summer we helped 9,826 junior lifesavers and 6,798 volunteer lifesavers keep our beaches safe while also providing every nipper with a Newcastle Permanent pink rashie.

As World Cup fever hit our nation in the lead-up to the FIFA Women's World Cup, we again partnered with Northern NSW Football to help make the game more accessible to 53,344 players. We gave 10,000 entry-level players a free Newcastle Permanent football to practise their footwork, helping to inspire the next generation of Matildas and Socceroos.

Building on the success of delivering last year's Newcastle Permanent Primary Schools Mathematics Competition online, this year we achieved an incredible 20,791 entries from 331 schools. During the 45-minute exam, students were challenged to test their numeracy and problem-solving skills without help from calculators, rulers, or other mathematical instruments.



We again proudly supported the Newcastle & Hunter Combined Schools Anzac Commemorative Event, recognising the important role of Australia's servicewomen and men, and animals. This partnership provides local students with an opportunity to learn about the heritage of our Anzacs, their incredible stories, and their feats of courage and endurance.

It was with great delight that our signature Cinema Under the Stars series returned to a full schedule this summer. Hosting 12 events across regional NSW, we welcomed 25,000 people back to our favourite event. Families and friends flocked from all over the state for a fun-filled evening under the stars to watch a blockbuster film as the sun went down.

Finally, we also took great pride in continuing to support numerous smaller events in our communities including local community festivals, local business awards nights, and Christmas events across our footprint.

This year, Newcastle Permanent Charitable Foundation continued to deliver on its bold vision to 'help rewrite the future, now and for generations to come'. It achieved this by focussing on supporting innovative grassroots charities that make a meaningful difference to the lives of people facing disadvantage and marginalisation, and creating opportunities for regional communities to thrive.

Throughout the year, the Charitable Foundation presented more than \$1.4 million in grants to 16 projects and initiatives assisting thousands of people across our footprint.



Health projects	Young people projects	Social wellbeing projects
HMRI	batyr	Jenny's Place Inc
SMART Recovery	COPSY	Spinal Cord Injuries Australia
	Epilepsy Action Australia	Family Inclusion Strategies Hunter
	Leaderlife Ltd	Foodbank NSW/ACT Limited
	University of Newcastle	University of New South Wales
	Wheelchair Sports NSW ACT Inc	RizeUp
	Boys to the Bush	Solve-TAD



In May 2023, Newcastle Permanent Charitable Foundation celebrated its 20th anniversary. During those two decades, the Charitable Foundation has distributed more than \$26 million in grants to more than 550 projects and changed countless lives.

We cannot be more proud of the amazing difference we are able to make to our communities that comes from the support of Newcastle Permanent Charitable Foundation.

Board of Directors



Left to right, top to bottom: Wayne Russell (Chair), Jeff Eather (Deputy Chair), Jayne Drinkwater, Ross Griffiths, Rod Jackson, Samantha Martin-Williams, Nicola Page, Catherine Robson, Donna-Maree Vinci.

Wayne Russell

Chair

Wayne has extensive experience in providing auditing and assurance services, having worked as an audit and assurance partner at PricewaterhouseCoopers for 20 years and Pitcher Partners for 10 years. Wayne also currently serves as Deputy Chair of Newcastle Anglican Corporation, which was established to oversee the corporate and business affairs of the Newcastle Anglican Diocese.

Audit, Risk, Governance & Nomination, Technology Delivery and Merger Integration Committees

BCom, CA, GAICD, MIIA (Aust)

Jeff Eather

Deputy Chair

Jeff is a qualified accountant with strong governance credentials and hands-on business experience, having overseen some of Newcastle's leading corporations including in his former role as CEO of NBN Television.

Merger Integration Committee (Chair), People, Culture & Remuneration, Governance & Nomination and Technology Delivery Committees

BCom, CPA, FGIA, MAICD

Jayne Drinkwater

Non-Executive Director

Jayne has extensive experience as a senior executive in banking and financial services, having worked across operations, customer service, IT and marketing. Jayne is Chair of Greater Charitable Foundation.

Governance & Nomination Committee (Chair), People, Culture & Remuneration, Technology Delivery and Merger Integration Committees

BEc, MBA (with Merit), GAICD

Ross Griffiths

Non-Executive Director

Ross is a Chartered Accountant with extensive retail banking, finance and risk management experience. Ross had 28 years' experience at Commonwealth Bank of Australia before retiring in 2014. His appointments at CBA included Group Chief Credit Officer and Head of Credit Management. Ross is the Chair of Newcastle Permanent Charitable Foundation.

Risk Committee (Chair), Audit, Technology Delivery and Merger Integration Committees

Dip Bus Studies (Acc), MBA, FCA (Aust), GAICD

Rod Jackson

Non-Executive Director

Rod has been a director in financial services, recruitment, property management and e-commerce for 15 years. He has worked as an executive in financial services, primarily at Westpac Banking Corporation, for over 40 years and retired from executive life in January 2021 from the CFO, Westpac Institutional Bank role.

Audit, Risk, Technology Delivery and Merger Integration Committees

BEc, MBA, GAICD, FCPA, FFIN, SID, CCABC

Samantha Martin-Williams

Non-Executive Director

Sam is a non-executive director on a range of businesses in complex and highly regulated industries. Sam is the Deputy Chair of Newcastle Airport Ltd and Greater Newcastle Aerotropolis Ltd, the Vice-Chair of the Supply Chain and Logistics Association of Australia (SCLAA) and a Board Director at Australia's largest tech startup Fishburners.

People, Culture & Remuneration Committee (Chair), Governance & Nomination, Technology Delivery and Merger Integration Committees

B.Bus, M.HR&IR, M.CommLaw, FAICD

Nicola Page

Non-Executive Director

Nicki is an accomplished IT executive with a strong track record in digital transformation and leadership in the UK and Australia. Currently serving as a Non-Executive Director for Kennards Hire Pty Ltd and Interactive IT Pty Ltd, and formerly the CEO and Executive Director of ASX-listed MOQdigital.

Audit, Risk, Technology Delivery and Merger Integration Committees

GAICD, MACS

Catherine Robson

Non-Executive Director

Catherine has more than 20 years of experience in banking, finance and investment, having commenced her career at Macquarie Bank and NAB, before founding successful financial services firm Affinity Private.

Audit Committee (Chair), Risk, Technology Delivery and Merger Integration Committees

BA, LLB (Hons), Grad Dip (Applied Finance), LLM (Tax), GAICD

Donna-Maree Vinci

Non-Executive Director

Donna brings extensive corporate and commercial experience in senior executive roles across global business operations, risk management, digital, data and technology. Donna is currently the Executive Strategic Advisor at Nucleus Software Australia Pty Limited and Advisory Member with the QUT Centre of Future Enterprise.

Technology Delivery Committee (Chair), Risk, People, Culture & Remuneration and Merger Integration Committees

GAICD, FGIA

More detailed information on our Board of Directors can be found on pages 34–36.

Executive Team



Bernadette Inglis
Chief Executive Officer
BBus, MBA, GAICD, ISEAD Graduate



Emma Brokate
Chief Distribution Officer – Greater Bank



Chris Cockburn
Chief Strategy and Merger Integration Officer
BEc, LLB, Grad Dip Leg Prac, Grad Dip ACG, AGIA, ACG



Paul Juergens
Chief Distribution Officer – Newcastle Permanent
MBA



Gayle Piek
Chief People and Culture Officer



Bob Moffat
Chief Financial Officer
BComm, MBA, CA, Grad Dip AppFin, GAICD



James Cudmore
Chief Customer and Digital Innovation Officer
BA, GAICD



Stuart Hall
Chief Operating Officer
BApp Ec



Guy Harding
Chief Risk Officer
MBA, DipFS, FCIB, SFFin (FinSIA)



Greg Nyman
Chief Legal and Corporate Governance Officer
LLB, BComm, GAICD



Bruce White
Chief Information Officer
MBA



Grant Katz
Head of Internal Audit
BCompt (Hons), CA, MBA

Directors' report

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2023. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Newcastle Greater Mutual Group Ltd and its controlled entities as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. Please call 13 19 87 or 13 13 86 to request a copy, or visit ngmgroup.com.au/annual-report.

The Directors present their report on the consolidated entity consisting of Newcastle Greater Mutual Group Ltd (**NGM Group**) and the entities it controlled at the end of, or during, the year ended 30 June 2023.

The merger between Newcastle Permanent Building Society Limited (**Newcastle Permanent**) and Greater Bank Limited (**Greater Bank**), implemented on 1 March 2023 (**Merger Date**), involved a voluntary total transfer of the business, assets and members of Greater Bank to Newcastle Permanent. From the Merger Date, the existing corporate entity of Newcastle Permanent began operating the businesses of Newcastle Permanent and Greater Bank under the new name of NGM Group.

References in this Directors' Report to 'NGM Group' include references to the entity's previous name, Newcastle Permanent, for the period 1 July 2022 to 28 February 2023, and NGM Group (the merged entity) for the period 1 March 2023 to 30 June 2023.

Directors

The following persons were Directors of NGM Group during the year ended 30 June 2023. Unless otherwise indicated, the listed persons were Directors for the whole of period and up to the date of this report:

W.M. Russell (Chair)	Appointed 1 March 2023
J.R. Eather (Deputy Chair)	
J. Drinkwater	Appointed 1 March 2023
R.E. Griffiths	
R.M. Jackson	Appointed 1 June 2023
K.W. Kwan	Ceased 28 February 2023
J.M. Leslie	Ceased 28 February 2023
S.J. Martin-Williams	
N.J. Page	
C.A. Robson	Appointed 1 March 2023
D. Vinci	Appointed 1 March 2023

Director Profiles

Wayne M. Russell BCom, CA, GAICD, MIIA (Aust)
Chair

Board member since March 2023

Before the formation of the NGM Group Board, Wayne was Chair and a Non-Executive Director of Greater Bank since 2011

Member of the Audit, Risk, Governance & Nomination, Technology Delivery and Merger Integration Committees

Wayne has extensive experience in providing auditing and assurance services, having worked as an audit and assurance partner at PricewaterhouseCoopers for 20 years and Pitcher Partners for 10 years. Wayne also currently serves as Deputy Chair of Newcastle Anglican Corporation, which was established to oversee the corporate and business affairs of the Newcastle Anglican Diocese.

Jeffrey R. Eather BCom, CPA, FGIA, MAICD
Deputy Chair

Board Member since May 2013

Before the formation of the NGM Group Board, Jeff was Chair of Newcastle Permanent since 2016

Chair of the Merger Integration Committee. Member of the People, Culture & Remuneration, Governance & Nomination and Technology Delivery Committees

Jeff is a qualified accountant with strong governance credentials and hands-on business experience, having overseen some of Newcastle's leading corporations including in his former role as CEO of NBN Television. He is also the Managing Director of The Callaghan Institute and was formerly Chair of the University of Newcastle Foundation and Deputy Chair of Hunter Water Corporation. Jeff holds a Bachelor of Commerce from the University of Newcastle and is a Certified Practising Accountant, a Fellow of the Governance Institute of Australia, and a Member of the Australian Institute of Company Directors.

Jayne Drinkwater BEc, MBA (with Merit), GAICD
Non-Executive Director

Board Member since March 2023

Before the formation of the NGM Group Board, Jayne was a Non-Executive Director of Greater Bank since 2010 and Deputy Chair of Greater Bank since 2019

Chair of the Governance & Nomination Committee. Member of the People, Culture & Remuneration, Technology Delivery and Merger Integration Committees

Jayne has extensive experience as a senior executive in banking and financial services, having worked across operations, customer service, IT and marketing. Jayne was previously employed by nib holdings limited as Interim CEO New Zealand, and as Chief Marketing Officer and Chief Operating Officer at nib health funds limited. Jayne is Chair of Greater Charitable Foundation.

Ross E. Griffiths Dip Bus Studies (Acc), MBA, FCA (Aust), GAICD
Non-Executive Director

Board Member since January 2015

Before the formation of the NGM Group Board, Ross was a Non-Executive Director of Newcastle Permanent Chair of the Risk Committee. Member of the Audit, Technology Delivery and Merger Integration Committees

Ross is a Chartered Accountant with extensive retail banking, finance and risk management experience. Ross had 28 years' experience at Commonwealth Bank of Australia before retiring in 2014. His appointments at CBA included Group Chief Credit Officer and Head of Credit Management. Ross is the Chair of Newcastle Permanent Community Foundation Company Limited, which is the Trustee of Newcastle Permanent Charitable Foundation. He is a former Chair of Targus Australia Pty Ltd, a former Director of Mirabela Nickel Limited and Commonwealth Managed Investments Limited, which was the Responsible Entity for two ASX listed Property Trusts. He holds a Diploma of Business Studies (Accounting) and Masters of Business Administration. Ross is also a Fellow of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors.

Rod M. Jackson BEc, MBA
Non-Executive Director

Board Member since June 2023

Member of the Audit, Risk, Technology Delivery and Merger Integration Committees

Rod is non-executive director on a range of businesses both domestically and internationally. Rod is Chair of Westpac Europe Ltd based in London and Adviser to Executive Global Network in Singapore. Domestically, Rod is also a Director of Financial Services Institute of Australasia, Director of Searson Buck Group and Chair of the ODEO Group. He has been a director in financial services, recruitment, property management and e-commerce for 15 years. Rod has worked as an executive in financial services, primarily at Westpac Banking Corporation, for over 40 years. Eleven of which have been in Asia and Europe. For the last 20 years Rod has been either a CFO or COO across numerous roles, including Westpac Retail and Business Bank and the St George Banking Group. Rod retired from executive life in January 2021 from the CFO, Westpac Institutional Bank role.

Rod holds a Bachelor of Economics (with specialisation in Accounting) from ANU, Canberra, Australia, and an MBA from the International Institute for Management Development in Lausanne, Switzerland.

Samantha J. Martin-Williams B.Bus, M.HR&IR, M.CommLaw, FAICD
Non-Executive Director

Board Member since February 2012

Before the formation of the NGM Group Board, Sam was a Non-Executive Director of Newcastle Permanent Chair of the People, Culture & Remuneration Committee. Member of the Governance & Nomination, Technology Delivery and Merger Integration Committees

Sam is a non-executive director on a range of businesses in complex and highly regulated industries. Sam is the Deputy Chair of Newcastle Airport Ltd and Greater Newcastle Aerotropolis Ltd, the Vice-Chair of the Supply Chain and Logistics Association of Australia (SCLAA), and a Board Director at Australia's largest tech startup Fishburners. Sam is a Division Councillor of the Australian Institute of Company Directors (AICD).

In an executive capacity, Sam was a CEO leading significant digital transformation and organisational reform. Sam brings strong commercial acumen in the areas of business transformation including new and emerging technologies, execution of strategy, and fostering partnerships.

Sam is a former Telstra Businesswoman of the Year, a Fellow of the AICD, a conjoint academic at the University of Newcastle, Australia, and writes for Forbes, a global business magazine on human capital, future-fit boards and contemporary governance.

Sam has degrees in law, industrial relations and business, having also completed executive education at MIT Sloan, Harvard Business School and INSEAD.

Nicola J. Page GAICD, MACS
Non-Executive Director

Board Member since March 2020

Before the formation of the NGM Group Board, Nicki was a Non-Executive Director of Newcastle Permanent Member of the Audit, Risk, Technology Delivery and Merger Integration Committees

Nicki is an accomplished IT executive with a strong track record in digital transformation and leadership in the UK and Australia. Currently serving as a Non-Executive Director for Kennards Hire Pty Ltd and Interactive IT Pty Ltd, and formerly the CEO and Executive Director of ASX-listed MOQdigital. With a technical background in computer science and engineering from IBM and Microsoft, Nicki co-founded a data integration company, delivering innovative solutions across sectors like financial services and healthcare, earning her the Entrepreneur of the Year Award, 2014 ARN Women in ICT. Nicki studied leadership and innovation at Harvard Business School, she is a Graduate of the Australian Institute of Company Directors, and in the final year of Executive MBA at the Australian Graduate School of Management.

Catherine A. Robson

BA, LLB (Hons), Grad Dip (Applied Finance), LLM (Tax), GAICD

Non-Executive Director

Board Member since March 2023

Before the formation of the NGM Group Board, Catherine was a Non-Executive Director of Greater Bank since 2020

Chair of the Audit Committee. Member of the Risk, Technology Delivery and Merger Integration Committees

Catherine has more than 20 years of experience in banking, finance and investment, having commenced her career at Macquarie Bank and NAB, before founding successful financial services firm Affinity Private. Catherine currently serves as a Non-Executive Director for ASX-listed EQT Holdings Limited, where she is the Chair of the Risk Committee and is Chair of subsidiary entities Equity Trustees Superannuation and HTFS Limited. Catherine's other Board appointments include serving as a Non-Executive Director for ASX-listed Lumos Diagnostics, where she is the Chair of both the Audit & Risk Committee and the Remuneration & Nominations Committee, and is the Non-Executive Chair of Korowa Anglican Girls School.

Donna-Maree Vinci GAICD, FGIA

Non-Executive Director

Board Member since March 2023

Before the formation of the NGM Group Board, Donna was a Non-Executive Director of Greater Bank since 2020

Chair of the Technology Delivery Committee. Member of the Risk, People, Culture & Remuneration and Merger Integration Committees

Donna brings extensive corporate and commercial experience in senior executive roles across global business operations, risk management, digital, data and technology. Donna is currently the Executive Strategic Advisor at Nucleus Software Australia Pty Limited and Advisory Member with the QUT Centre of Future Enterprise, prior to which she held senior executive roles at GenVis, Bank of Queensland (BOQ), Insurance Australia Group (IAG), Westpac and Citigroup. Donna also currently serves as a non-executive director on the boards of a number of organisations in financial services, governance, compliance and risk management, water services and education sectors.

Company Secretaries

The following persons were Secretaries of NGM Group as at the end of the financial year:

Vera Corbett BCom, LLB (Hons), Grad Dip Leg Prac

Vera Corbett was appointed as Company Secretary on 17 December 2021 after acting in the role from 2 June 2021. She holds commerce and law degrees, a Diploma of Legal Practice, and is admitted to practise law in the Supreme Court of NSW. Vera has practised law for more than 20 years in private practice and in-house legal roles, and is a Member of the Law Society of NSW and the Governance Institute of Australia. In April 2022, Vera was also appointed as the Company Secretary of Newcastle Permanent Community Foundation Company Ltd, which is the Trustee of Newcastle Permanent Charitable Foundation.

Courtney Chivers BCom, LLB, Dip Leg Prac

Courtney Chivers was appointed as Secretary on 19 August 2022. She holds communication and law degrees, a Diploma of Legal Practice, a Graduate Diploma of Applied Corporate Governance and Risk Management, and is admitted as a lawyer of the Supreme Court of NSW. Courtney has more than 10 years' experience in legal, governance and compliance roles, and is a Member of the Governance Institute of Australia.

Officers

In addition to the Directors and Secretaries outlined above, the following persons were senior executives or acted in a senior executive role during the year ended 30 June 2023, and were therefore considered to be officers of NGM Group. Unless otherwise indicated, the listed persons were officers of NGM Group for the whole of the year ended 30 June 2023 and up to the date of this report.

Officers as at the date of this report:

B. Inglis	
E. Brokate ¹	From 1 March 2023
C. Cockburn	
J. Cudmore	
S. Hall	
G. Harding	
P. Juergens	
G. Katz	
B. Moffat ¹	From 1 March 2023
G. Nyman ¹	From 1 March 2023
G. Piek	From 9 January 2023
B. White ¹	From 1 March 2023

Officers who ceased during the financial year:

M. Colless	From 1 July 2022 until 1 March 2023
J. Stapleton	From 1 July 2022 until 1 March 2023
R. Stevens	From 31 Oct 2022 until 9 January 2023
S. Uppal	From 1 July 2022 until 31 October 2022

Notes:

1. Before 1 March 2023, E. Brokate, B. Moffat, G. Nyman and B. White were officers of Greater Bank.
2. Before 1 March 2023, M. Colless and J. Stapleton were officers of Newcastle Permanent.

Meetings of Directors

The number of meetings of NGM Group's Board of Directors held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

Board Attendance					
	No. of Meetings	No. Attended		No. of Meetings	No. Attended
W. Russell	5	5	J. Leslie ¹	12	12
J. Eather ¹	17	17	S. Martin-Williams ¹	17	17
J. Drinkwater	5	5	N. Page ¹	17	15
R. Griffiths ¹	17	16	C. Robson	5	5
R. Jackson ²	1	2	D. Vinci	5	5
K. Kwan ¹	12	11			

The number of meetings of Newcastle Permanent's Board Committees held during the period 1 July 2022 to 28 February 2023, and the number of meetings attended by each Director were:

Newcastle Permanent Board Committee Attendance								
	Audit		Risk		Remuneration & People		Corporate Governance & Nominations	
	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended
J. Eather ³	-	4	7	7	3	3	3	3
R. Griffiths ^{1,5}	4	3	7	7	-	3	3	2
K. Kwan ^{1,5,7}	4	3	7	7	-	2	-	1
J. Leslie ⁴	4	4	-	7	3	3	3	3
S. Martin-Williams ³	-	1	7	7	3	3	3	3
N. Page ^{1,5,7}	4	3	7	7	-	3	-	1

The number of meetings of NGM Group's Board Committees held during the period 1 March 2023 to 30 June 2023, and the number of meetings attended by each Director were:

NGM Group Board Committee Attendance													
	Audit		Risk		People, Culture & Remuneration		Governance & Nominations		Technology Delivery		Merger Integration		
	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	No. of Meetings	No. Attended	
W. Russell ⁶	2	2	2	2	-	1	2	2	1	1	1	1	
J. Eather ^{3,4}	-	2	-	2	1	1	2	2	1	1	1	1	
J. Drinkwater ^{3,4}	-	2	-	2	1	1	2	2	1	1	1	1	
R. Griffiths ^{5,8}	2	2	2	2	-	1	-	2	1	1	1	1	
R. Jackson ⁹	-	-	1	1	-	-	-	1	-	-	-	-	
S. Martin-Williams ^{3,4}	-	2	-	2	1	1	2	2	1	1	1	1	
N. Page ^{6,8}	2	2	2	2	-	1	-	2	1	1	1	1	
C. Robson ^{6,8}	2	2	2	2	-	1	-	2	1	1	1	1	
D. Vinci ^{3,8}	-	2	2	2	1	1	-	2	1	1	1	1	

Notes:

- 'No. of Meetings' refers to the number of meetings of the Board or relevant Committee that were held while that Director was on that Board or relevant Committee.
 - In addition to the Board meetings noted, 5 circulating resolutions were signed by the Board during the year.
 - In addition to the Audit Committee meetings noted, 1 circulating resolution was signed by the Audit Committee during the year.
 - A Merger Advisory Board also met during the year to provide guidance and oversight on matters related to the proposed merger between Newcastle Permanent and Greater Bank. Due to the advisory nature of that Board, these meetings are not included above.
1. Leave of absence may be granted by the Board in advance to excuse a Director from attending a particular meeting.
 2. R. Jackson attended one Board meeting in the year as a Director, and one Board meeting as a guest (prior to appointment as a Director).
 3. J. Eather, J. Drinkwater, S. Martin-Williams and D. Vinci were not members of the Audit Committee, however they attended some of these meetings by invitation.
 4. J. Leslie, J. Eather, J. Drinkwater and S. Martin-Williams were not members of the Risk Committee during the year, however they attended some of these meetings by invitation.
 5. R. Griffiths, K. Kwan and N. Page were not members of the Remuneration & People Committee during the year, however they attended some of these meetings by invitation.
 6. W. Russell, R. Griffiths, N. Page and C. Robson were not members of the People, Culture & Remuneration Committee during the year, however they attended some of these meetings by invitation.
 7. K. Kwan and N. Page were not members of the Corporate Governance & Nominations Committee during the year, however they attended some of these meetings by invitation.
 8. R. Griffiths, R. Jackson, N. Page, C. Robson and D. Vinci were not members of the Governance & Nominations Committee during the year, however they attended some of these meetings by invitation.

Objectives

NGM Group's purpose is to help our customers and communities thrive, and our strategic ambition is passionate people enabled to deliver the future of trusted banking. The employee values of NGM Group are to lead with heart, own the action, embrace opportunity, and thrive together.

NGM Group's strategy is guided by five strategic priorities which are the areas we will focus on to achieve our purpose and strategic ambition. Our strategic priorities are:

- retain and grow customers;
- become one team with a shared culture and values;
- be an integral part of our communities;
- retain and mature our operational, financial and risk resilience; and
- enable our people and customers through technology.

The performance of NGM Group was measured during the year against a balanced scorecard of key performance indicators (KPIs) across the areas of customer, community and stakeholder, people, strategic initiatives, and financial. These were overlaid with alignment to risk and values.

The main KPIs were:

- **customer:** net promoter score, customer satisfaction and advocacy levels, customer growth, and service and brand consideration;
- **people:** employee engagement, talent management, and strategic advocacy;
- **community and stakeholder:** corporate social responsibility, contribution to and engagement with local communities, and relationships with external stakeholders;
- **strategic initiatives:** effectiveness of strategic plan implementation and roadmap initiative outcomes; and
- **financial:** capital position, net profit after tax, return on equity, and the cost to income ratio.

Principal activities

The principal continuing activities of the consolidated entity consisted of the provision of a range of financial products and services to members and the operation of two charitable trusts. Other than the merger between Newcastle Permanent and Greater Bank as covered in this report, there has been no significant change in the nature of the core business or activities of NGM Group during the year ended 30 June 2023.

To support the achievement of its strategic objectives, NGM Group progressed a suite of strategic initiatives designed to:

- sustainably grow through organic growth, partnerships and inorganic growth pathways that will accelerate to effective scale for the benefit of our customers;
- enhance customers' experience through improved digital sales and service capability;
- deliver a competitive product offering and customer value proposition;
- foster employee wellbeing, engagement, culture, and competency;
- strengthen risk and compliance frameworks, including management of regulatory changes; and
- continue giving back to heartland communities.

Review of operations

A review of operations, summarising the overall performance of the consolidated entity, including non-financial metrics, is outlined in the *Message from the Chair* and *Message from the Group CEO* sections of this annual report.

The consolidated entity delivered a robust financial result for the year ended 30 June 2023. The net profit after tax of \$72.9m was delivered in a challenging operating environment.

Key to the result was the balancing of customer outcomes in a rising interest rate environment and maintaining strong underlying business performance. The consolidated entity continued to invest in the business during the year, completing the merger between Newcastle Permanent and Greater Bank, whilst also delivering new products and services, including a new digital home loan offering.

The consolidated entity's total assets reached \$20.1 billion at 30 June 2023, including total gross loans and advances of \$15.6 billion. The provision for expected credit losses was \$25.2 million, representing 0.16% of gross loans and advances. The consolidated entity retains a conservative level of provisioning to mitigate any future losses that may arise due to the uncertain economic outlook.

Total equity at 30 June 2023 was \$1.7 billion, meaning the consolidated entity is the largest mutual bank in Australia by way of net assets. At 30 June 2023, the regulatory capital adequacy ratio was 21.9% and the regulatory liquidity ratio was 19.7%, both well above the minimum prudential requirement.

Looking forward, the environment remains uncertain and subject to change. The notes to the financial statements set out all the critical accounting estimates and judgments that have been made in preparing the 2022/23 financial statements and to account for known risks at present.

The Directors consider that these financial statements and the exceptional capital, liquidity and credit profile of NGM Group demonstrate that the consolidated entity is well positioned to navigate the forward environment and expects to remain profitable, liquid and well capitalised over the coming year.

Significant changes in the state of affairs

As stated above, the merger between Newcastle Permanent and Greater Bank, implemented on the Merger Date, involved a voluntary total transfer of the business, assets and members of Greater Bank to Newcastle Permanent. From the Merger Date, the existing corporate entity of Newcastle Permanent began operating the businesses of Newcastle Permanent and Greater Bank under the new name of NGM Group.

Other than the changes outlined above and further covered in this report, there have been no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

There have been no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years; or
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

There are no material likely developments in the operations of the consolidated entity, other than continued profitable operations, as at the date of this report.

Liability of members

NGM Group is a company limited by shares and guarantee, however there are no shares currently on issue. Under the Constitution, the liability of each person who became a member of NGM Group after 29 September 2000 is limited to an obligation to contribute a maximum amount of \$1 if NGM Group is wound up while they are a member or within one year after they cease to be a member. The member liability provision of the Constitution does not apply to those persons who became members of NGM Group prior to 29 September 2000.

Dividends or distributions

NGM Group is a mutual company operated for the benefit of its members. It does not pay dividends or distributions to its members, but reinvests its profits for the future benefit of its members.

Environmental regulation

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

Directors' and Officers' indemnities

All past and present directors, company secretaries and senior executives of NGM Group and its wholly owned subsidiaries are indemnified under NGM Group's Constitution, on a full indemnity basis and to the extent permitted by law, against:

- every liability incurred by them in their respective capacities (except a liability for legal costs); and
- all legal costs incurred by them in defending or resisting proceedings in which the person becomes involved because of that capacity.

NGM Group has also executed:

- Deeds of Indemnity with each current director and a number of former directors; and
- employment or other agreements with the CEO, current and former executives, company secretaries, assistant company secretary and NGM Group's in-house lawyers,

that provide them with indemnification in substantially the same terms to that provided in the Constitution.

In the case of the Directors, the indemnification extends to any liabilities incurred by them as a result of being a director of another company in the consolidated group of NGM Group.

Insurance of Officers

During the financial year, NGM Group paid a premium to insure the current and certain former directors, company secretaries and the senior executives of NGM Group and its controlled entities. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

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

Proceedings on behalf of NGM Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of NGM Group, or intervene in any proceedings to which NGM Group is a party, for the purpose of taking responsibility on behalf of NGM Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of NGM Group with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

Rounding of amounts

NGM Group is an entity referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the *Directors' Report*. Amounts in the *Directors' Report* have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001* (Cth), and the name of the Audit Partner are set out on page 62.

Disclosure of prudential information

NGM Group is an Authorised Deposit-taking Institution regulated by APRA. As a result of this regulation, NGM Group is required to comply with Australian Prudential Standards (APSs) released by APRA. APS 330 Public Disclosure requires NGM Group to disclose information regarding the composition of its regulatory capital base, risk exposures, a reconciliation of the balance sheet in the financial statements to the balance sheet prepared under the regulatory scope of consolidation and the full terms and conditions of any issued regulatory capital instruments. Please refer to the *Regulatory Disclosures* section of NGM Group's website at ngmgroup.com.au/regulatory-disclosures for further information. NGM Group does not currently have any regulatory capital instruments on issue.

This report is made in accordance with a resolution of the Directors.



W.M. Russell
Chair

27 September 2023
Newcastle



J.R. Eather
Deputy Chair



Toni, Legal Counsel & Governance Adviser

Corporate governance

The Board of Newcastle Greater Mutual Group Ltd (**NGM Group**) is committed to excellence in corporate governance and promotes a best-practice approach that is efficient, transparent and, where practicable for NGM Group, aligned with the fourth edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (ASX Principles)*. Although NGM Group is not required to comply with the ASX Principles, stakeholders can see our level of alignment to these principles and recommendations by viewing the governance disclosures table at ngmgroup.com.au/governance.

This statement describes NGM Group's corporate governance framework, principles and practices as at 23 August 2023.

1. Purpose, culture and values

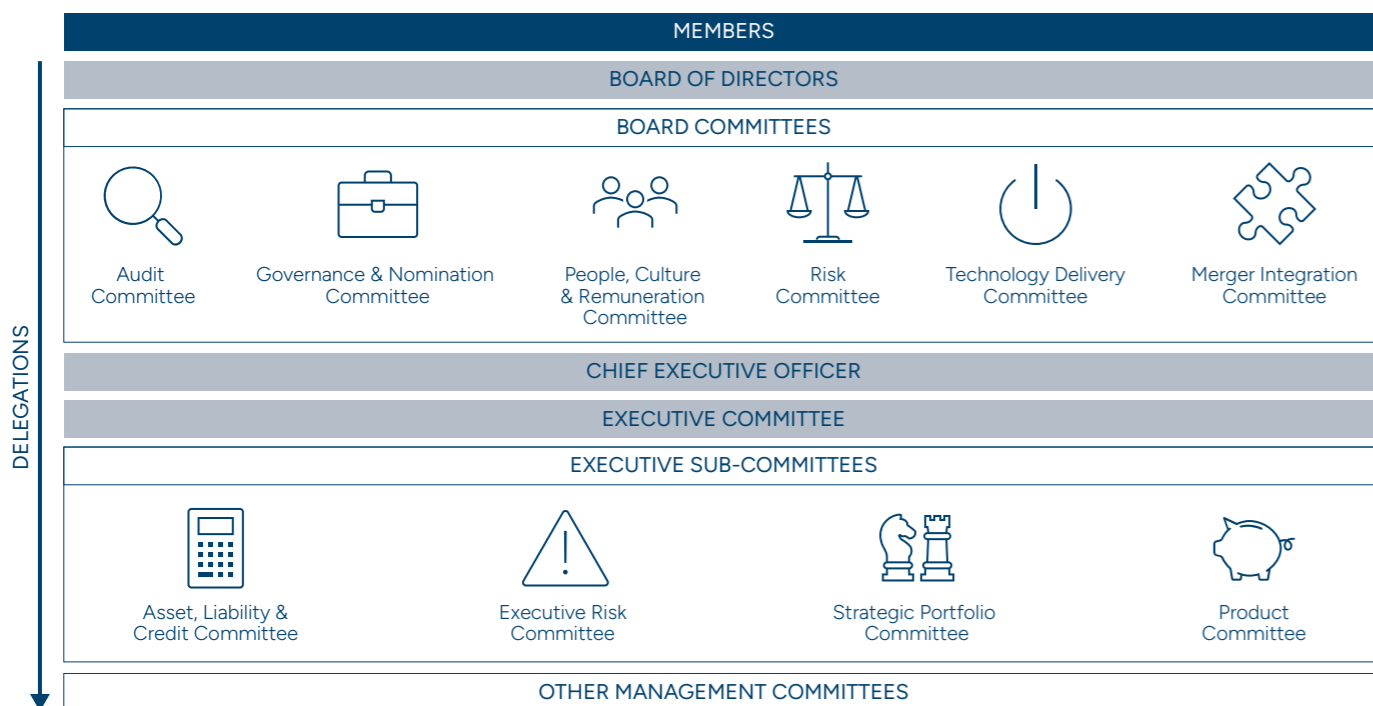
At NGM Group, good corporate governance is how we make decisions and manage risks, to deliver on our purpose as a customer-owned financial institution of 'helping our customers and communities thrive' and achieve our strategic ambition of 'passionate people enabled to deliver the future of trusted banking'.

The Board recognises that a cohesive corporate culture is the cornerstone of an effective governance framework, and that it is responsible for establishing the 'tone from the top'. The Board shapes and is committed to promoting NGM Group's culture of acting lawfully, ethically and responsibly, including by communicating and operating in ways that role model NGM Group's organisational values of 'Lead with Heart', 'Own the Action', 'Embrace Opportunity' and 'Thrive Together'. These guiding principles are intrinsically linked to our Strategic Plan and performance and remuneration frameworks.

All Directors, Executives and employees are required to comply with the behavioural standards and expectations described in NGM Group's Code of Conduct and are actively encouraged to 'speak up' about any unlawful, unethical or irresponsible behaviour under NGM Group's Whistleblower Protection Policy, available at ngmgroup.com.au/governance.

2. Corporate governance framework, roles and responsibilities

NGM Group's corporate governance structure is depicted below:



2.1 Board and Board Committees

The role of the Board is to set and oversee plans and policies for the sound management and governance of NGM Group, including the organisation's purpose, values, culture (including risk culture), strategic direction, financial performance, operational objectives, performance and remuneration frameworks and governance, risk management and accountability frameworks. The role, key duties and responsibilities and reserve powers of the Board are described in the NGM Group Board Charter, which is reviewed annually or more frequently, as required.

To assist the Board in the discharge of its role and duties and responsibilities, the Board has established and delegated certain functions to its four standing Board Committees and two special purpose Board Committees, described in the table below. The two special purpose Board Committees are "whole of Board" committees and have been established to assist the Board to oversee delivery of key strategic merger integration and technology initiatives across the organisation.

Board Committee	Duties and responsibilities	Members
Standing Committees		
Audit Committee	Oversees and makes recommendations to the Board on: <ul style="list-style-type: none"> integrity of the financial statements, financial reporting systems and external reporting effectiveness of the internal control system(s) and Risk Management Framework work of the Internal Audit function appointment and independence of NGM Group's external auditor and co-sourced internal audit services provider 	C. Robson (Chair) R. Griffiths R. Jackson N. Page W. Russell
Risk Committee	Oversees and makes recommendations to the Board on: <ul style="list-style-type: none"> the establishment, review, ratification and implementation of the risk management strategy and framework, risk appetite and tolerance levels an aggregate view of NGM Group's risk profile risk culture information from Management on new and emerging risks and their controls adequacy and effectiveness of the compliance framework oversight of insurable interests due diligence activities for material projects and transactions 	R. Griffiths (Chair) R. Jackson N. Page C. Robson W. Russell D. Vinci
People, Culture and Remuneration Committee	Oversees and makes recommendations to the Board on: <ul style="list-style-type: none"> the Remuneration Policy and general remuneration matters Directors' fees employment agreements and remuneration packages of the CEO and Executives people and organisational culture initiatives, performance and remuneration frameworks, variable reward schemes, variable remuneration plans, recognition programs, scorecards and metrics safety, health and wellbeing matters, systems, policies and information 	S. Martin-Williams (Chair) J. Drinkwater J. Eather D. Vinci
Governance and Nomination Committee	Oversees and makes recommendations to the Board on: <ul style="list-style-type: none"> the appointment, induction and succession planning for Directors and Committee members the optimal size and mix of skills required on the Board and Board Committees the annual review of Board, Board Committee and Director performance and effectiveness annual assessment of Directors' independence the corporate governance framework and key governance documents and processes (e.g. the NGM Group Constitution, Board Charter and Conflicts of Interest Policy) 	J. Drinkwater (Chair) J. Eather S. Martin-Williams W. Russell
Special Purpose Committees		
Merger Integration Committee	Assists the Board by providing oversight of: <ul style="list-style-type: none"> governance, risk management, execution and delivery of NGM Group's Merger Integration Program alignment between the Board-approved Strategic Roadmap and the Merger Integration Program delivery of strategic benefits, including customer benefits, from the merger 	J. Eather (Chair) J. Drinkwater R. Griffiths R. Jackson S. Martin-Williams N. Page C. Robson W. Russell D. Vinci
Technology Delivery Committee	Assists the Board by providing oversight of: <ul style="list-style-type: none"> governance, risk management, execution and delivery of NGM Group's Integrated Technology Program alignment between the Board-approved Strategic Roadmap and the Integrated Technology Program delivery of strategic benefits, including customer benefits, from the Integrated Technology Plan enterprise data governance 	D. Vinci (Chair) J. Drinkwater J. Eather R. Griffiths R. Jackson S. Martin-Williams N. Page C. Robson W. Russell

Note: The 'Members' listed above are members of each relevant Committee as at 30 June 2023.

Details of Board and Board Committee meetings and Directors' attendance are set out in the Directors' report on page 37.

Each Board Committee has a Charter that sets out its role, powers, functions and responsibilities. Each Charter is reviewed annually (or more frequently as required). Each Board Committee is empowered to obtain information from Management and seek advice from external advisers as required.

Other special purpose committees may also be formed from time to time to assist the Board with particular matters.

2.2 Board composition, tenure and renewal

The Directors and their respective qualifications, experience and special responsibilities are outlined in the Directors' report on pages 34–36.

The Governance and Nomination Committee is responsible for Board succession planning and ongoing renewal processes, and makes recommendations to the Board on the appointment of Directors, taking into account factors including (among other things):

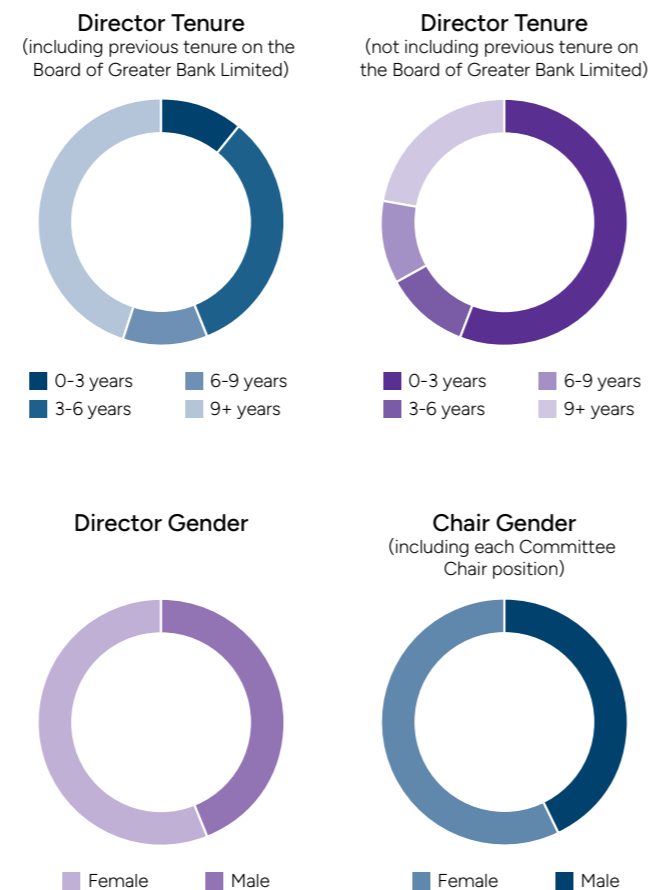
- composition and ensuring an appropriate mix of skills, experience, tenure and diversity on the Board to address ongoing and emerging strategic priorities;
- ensuring there are sufficient Directors to serve on each Board Committee without overburdening Directors to allow them to adequately discharge their duties and responsibilities as Committee members;
- complying with NGM Group's regulatory obligations; and
- satisfying requirements under NGM Group's Constitution and Board Charter, including the requirements to maintain a majority of independent non-executive Directors and at least three Directors based in the Hunter region.

Following an extensive selection process, in May 2023 the Board accepted the Governance and Nomination Committee's recommendation to appoint Mr Rod Jackson as a Non-Executive Director of NGM Group. Director Jackson joined the Board in June 2023 and his extensive experience and skillset has already allowed him to make a valuable contribution. Appointments such as this prepare the Board for renewal in its composition while promoting stability and an orderly transition between Directors.

The Board's succession planning approach aims to carefully balance its composition between short, medium and longer term tenures. The Board recognises that longer-serving Directors bring a detailed understanding of NGM Group's brands and the respective corporate histories of the merger partners, while newer Directors provide a fresh external perspective. The Directors are passionate about diversity of thought and experience in all respects, and understand that the Board's composition must reflect this.

Where a person is standing for election or re-election as a Director of the Board, the explanatory notes in the Notice of Annual General Meeting include a summary of the Director's relevant qualifications, skills, experience, independence and other material information to assist members in making an informed decision.

The charts below depict various measures of the Board's composition and tenure:



Skills and experience

A Directors' skills matrix is used to capture the desired and existing skills, expertise and experience considered important for the effective governance of NGM Group.

An externally facilitated Directors' skills analysis is usually undertaken every second year to review the skills matrix and assess the extent to which the Directors possess and exhibit agreed capabilities. In line with market practice, the skills analysis involves Directors completing a self-assessment and anonymous peer assessments against the agreed capabilities.

In February 2023, as part of the planning for the merger between Greater Bank Limited and Newcastle Permanent Building Society Limited (**Newcastle Permanent**) (now NGM Group), the existing Newcastle Permanent and Greater Bank Director skills matrices were analysed and a new matrix for the merged organisation was produced. The diagram below depicts some of the results of this analysis.

	Directors with 'High' or 'Expert' competency
	Optimal Actual
Governance	6/6
General management	8/8
Strategy	6/6
Retail banking/ financial services	6/6
Financial acumen	5/5
Regulatory	6/6
Transformative change	6/6
Risk management	4/4
People and culture	5/5
Customer, community and ESG	4/4
Accounting	3/3
Technology and data	2/2

In late 2023 and early 2024, Directors and Executives will also participate in a comprehensive externally facilitated Board and Board Committee evaluation process, which will assess Board performance, by considering key aspects of NGM Group's governance, focusing on: the role, membership and dynamics of the Board, the Board's approach to strategy and risk, the interaction between the Board and Management, the quality of Board meetings and papers, the Board's approach to CEO arrangements and the role of the Chair. As part of the evaluation process, a Directors' skills analysis will be conducted in early 2024.

Independence

Under the NGM Group Board Charter, the Board is required to have a majority of independent non-executive Directors. This is assessed on an ongoing basis and at least once per year by the Governance and Nomination Committee against NGM Group's criteria for Director independence, which is based on APRA Prudential Standard CPS 510 *Governance*. The most recent independence assessment in March 2023 found that all Directors, including the Chair, were independent.

It is essential for Directors to possess, exhibit and bring to bear independent decision-making abilities to all Board deliberations, and this is facilitated through:

- regular meetings of Directors without Management present;
- the right for Directors to access all relevant information and seek, subject to prior consultation with the Chair, independent professional advice at NGM Group's expense; and
- principles and procedures for the management of Directors' material personal interests and conflicts of interest, as set out in NGM Group's Conflicts of Interest Policy.

Details of Directors' related-entity transactions with NGM Group and the consolidated entity are set out in the notes on 'Key Management Personnel Disclosures' in NGM Group's full financial report.

Appointment, induction and education

Prior to appointment as a Director, each preferred candidate signs a letter of appointment outlining the terms of their appointment to the Board and an Accountability Statement acknowledging their responsibilities for the purposes of the Banking Executive Accountability Regime (**BEAR**) under the *Banking Act 1959* (Cth). Directors are also required to satisfy a fit and proper person assessment prior to their appointment and on an annual basis, to confirm they possess the competence, character, diligence, honesty, integrity and judgement to be a responsible person of NGM Group for the purposes of APRA Prudential Standard CPS 520 *Fit and Proper*. This involves verification of qualifications and experience, criminal history and personal insolvency checks, enquiries of ASIC and APRA disqualification registers, and disclosure of actual or potential conflicts of interest.

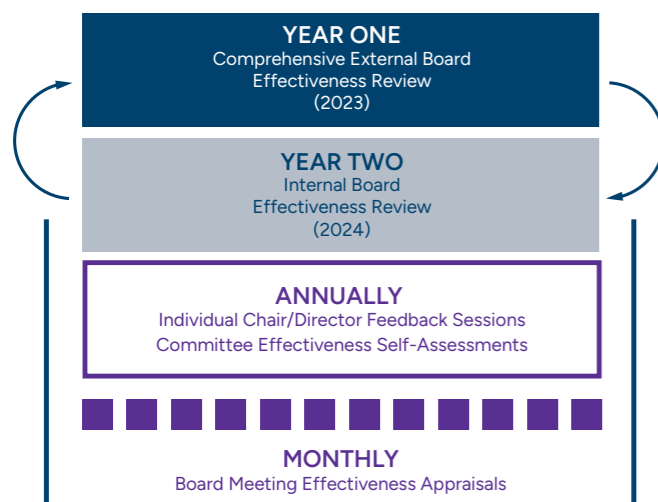
To prepare new Directors for participation in Board governance processes and decision-making, new Directors are provided with a comprehensive Directors' on-boarding pack consisting of briefing materials including key governance documents and NGM Group's Director's Handbook which provides a practical overview of Directors' duties and responsibilities in relation to obligations under relevant legislation and regulations. Directors undertake a structured induction to NGM Group, including meetings with the Chair, other Directors, CEO, Company Secretary and relevant Executives.

All Directors are encouraged to be members of the Australian Institute of Company Directors and to undertake ongoing professional education and development in fields relevant to their role on the Board and the operations of NGM Group, in alignment with their individual development plans, to ensure continuing improvement in Board performance.

A Director Training Program Register is also maintained which plans focussed training for Directors each year. During FY23 the Directors participated in continuing professional development programs on topics including: indigenous cultural awareness, work health and safety, industry movements and competitive environments, effective governance, capital management and cyber and information security.

2.3 Board performance evaluation

The Board acknowledges that continuing assessment, development and improvement of its performance is critical for the effective governance of NGM Group. The process for formally evaluating the performance of the Board, Board Committees and individual Directors, through the Governance and Nomination Committee, typically involves alternate internal and external reviews which are complemented by other measures such as monthly pulse surveys of Board meeting effectiveness, feedback sessions and regular assessments of Directors' skills relative to the collective skill requirements of the Board. The forward program is depicted below:



2.4 Relationship with management

CEO

The Board is responsible for appointing the CEO, and delegates to the CEO responsibility for the day-to-day management of NGM Group consistent with the Strategic Plan, objectives and priorities, budgets and risk appetite set by the Board, NGM Group's organisational values and NGM Group's desired culture as articulated by the Board. The CEO may sub-delegate any functions to Executives or other employees, with the exception of those functions reserved to the Board under the NGM Group Board Charter or NGM Group's Board and CEO Delegations Policy. All standing delegations by the Board are captured in the Board and CEO Delegations Policy and associated Delegations Manual or other Board-approved policies.

Executive Committee

The CEO leads the Executive Committee, which meets regularly to review and report on NGM Group's business activities and supports the CEO in fulfilling the management responsibilities delegated by the Board.

All Executives have entered into a written agreement with NGM Group setting out the terms of their appointment, signed an Accountability Statement acknowledging their responsibilities under the BEAR and are required to satisfy a fit and proper person assessment on appointment and annually thereafter.

Company Secretary

The Company Secretary is appointed by the Board and charged with advising on and facilitating NGM Group's corporate governance processes. In doing so, the Company Secretary has a direct and independent reporting responsibility, through the Chair, to the Board and each of the Board Committees.

Evaluation of management's performance

Through the People, Culture and Remuneration Committee, the Board evaluates the performance of the CEO and Executives on an annual basis by:

- setting performance criteria in alignment with the organisation's Strategic Performance Scorecard;
- considering individual performance against these criteria, including (with respect to the Executives) recommendations from the CEO and information from the Head of Internal Audit and Chief Risk Officer in relation to relevant audit and risk items; and
- approving any merit-based salary increases or variable rewards to be paid.

These reviews are completed in September/October each year.

The Board undertakes, through its relevant Board Committees, a separate annual assessment of the performance of the Chief Risk Officer and Head of Internal Audit in relation to their independent reporting obligations to the Board and Board Committees.

3. Our customers

3.1 Information, communications and feedback

As a customer-owned organisation, our brands are dedicated to serving our members. We engage with our members through various channels, including:

- the NGM Group website (ngmgrou.com.au) – which includes news on our corporate activities, information on our governance and management structure, our Constitution and our most recent prudential disclosures on capital adequacy, risk exposures and remuneration practices;
- our brands' websites (greater.com.au and newcastlepermanent.com.au) – where we share the rich history of each of our brands, updates on community activities and the latest information on our products and services;
- social media – providing updates, insights and assistance to followers across Facebook, Instagram, LinkedIn, YouTube and X (formally known as Twitter);
- statements and other communications;
- surveys and market research;
- customer service touchpoints – customers can submit enquiries, complaints or feedback through our websites, digital banking platforms, branches or our locally-based customer contact centres.

NGM Group has an iterative process for considering feedback from our customers through Management, the Board (via the Risk Committee) and a dedicated Customer Relations function.

3.2 Annual General Meeting

In accordance with the requirements of the Corporations Act and our Constitution, written notice of the Annual General Meeting (AGM) is provided to all members eligible under the Constitution to receive notice of, and vote at, the AGM and who have elected to receive notice of the AGM. The notice of AGM is also published on the NGM Group website and in the media and displayed in all branches for at least three weeks in advance of the AGM.

NGM Group's financial report is made available to members on our website along with our Annual Report and is also provided directly to members who have elected to receive it. Members are encouraged and given the opportunity to ask questions during the AGM in relation to any of the items of business, including the financial results or other matters relating to the performance of the organisation. The external auditor also attends the AGM to answer questions from members.

To facilitate participation across NGM Group's member base, the 2023 AGM will be held as a hybrid meeting, with members able to attend and participate online or in person. All resolutions at the meeting will be decided by a poll. Members who are unable to attend the AGM have the opportunity to participate in the meeting by lodging a direct vote (by post or online) prior to the meeting, or by appointing a proxy to vote on their behalf.

4. Our people

4.1 Diversity, inclusion and gender equality

NGM Group recognises the value and importance of diverse insights, perspectives, experiences and cultures in our business and our local communities.

NGM Group seeks to create a workplace and organisational culture that is fair, inclusive and supportive for all employees through our training programs, flexible and remote working arrangements and by celebrating relevant observances throughout the year (such as International Women's Day, NAIDOC Week and National Reconciliation Week). We will continue to evolve our formal approach for promoting and measuring diversity and inclusion throughout our organisation over the coming years.

As outlined in our public report for the Workplace Gender Equality Agency (WGEA), females make up 73.8% of NGM Group's non-manager workforce, and 53.9% of staff at manager level and above. As previously illustrated, the Board of NGM Group comprises 55% females and 45% males, and 57% of the Chair positions available across the Board and Board Committees are held by female Directors. For further information, our full public report for FY 2022-23 is available on our website at ngmgrou.com.au/regulatory-disclosures.

4.2 Remuneration

The Board recognises remuneration as a key driver of culture, and has adopted a Remuneration Policy that demonstrates, among other things, alignment of remuneration decisions with NGM Group's Risk Management Framework. Any variable reward schemes are designed to encourage conduct that supports the organisation's values, customer interests, financial soundness and risk appetite. This is achieved through the application of risk and behaviour gateways and modifiers and supported by a consequence management framework.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors, Executives and other employees. The People, Culture and Remuneration Committee obtains independent advice on Director and Executive remuneration, including trends in comparable organisations, to assist it to make sound and justified recommendations to the Board in this respect.

Executive remuneration comprises a mix of fixed and performance-based remuneration, as well as other benefits prescribed in NGM Group's policies from time to time. A balanced scorecard approach is taken to the assessment of Executive performance, which incorporates risk and behaviour gateways and modifiers and drives annual Executive remuneration decisions. In accordance with the BEAR, a proportion of Executives' variable remuneration may also be deferred, to be released only where the Board is satisfied that the Executive has met their accountability obligations and certain other criteria in line with the BEAR. The Board may also determine that any variable remuneration is reduced or forfeited due to malus or clawback trigger events.

The structure of remuneration for Directors is distinct from that of the Executives and other employees. Recommendations for increases in the total Directors' remuneration pool must be submitted to and approved by the members at the AGM. Directors do not participate in any variable reward schemes in order to preserve the independence of the Board and its decision-making processes, and do not receive any retirement benefits from NGM Group other than compulsory superannuation entitlements.

5. Our community

Our brands have a long and proud history of supporting the communities we are part of through local sponsorships, staff donations and volunteering, charity fundraising activities and community events, as discussed on pages 24–29.

Our two Charitable Foundations provide grant funding for eligible not-for-profit organisations in our regions to address issues of disadvantage such as health, social wellbeing and young people.

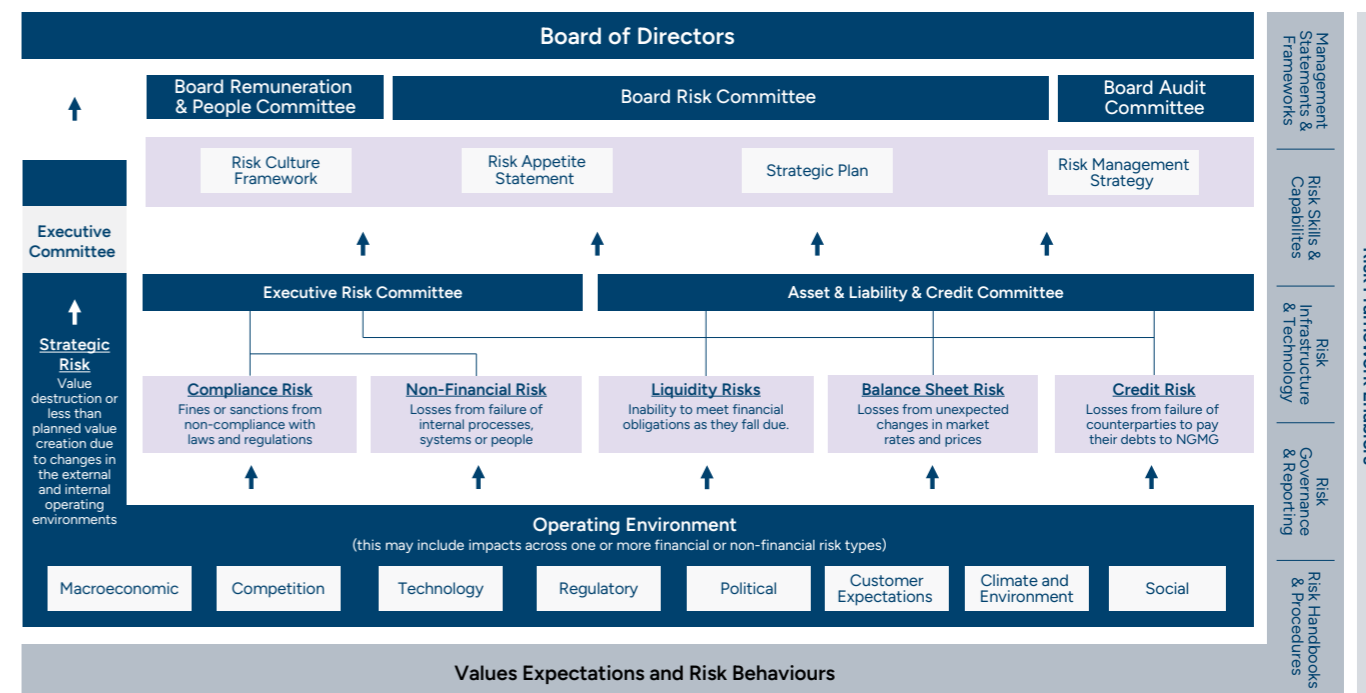
6. Managing risk

6.1 Risk Management Framework

The Board has adopted a Risk Management Framework for the effective management of NGM Group's material risks, which includes the following key elements:

- Risk Management Strategy;
- Risk Culture Framework;
- Strategic Plan and strategic planning process;
- Risk Appetite Statement, which articulates the quantitative and qualitative risk appetite and tolerance for each material risk;
- material risk policies designed to identify, assess, monitor and mitigate all material financial and non-financial business risks;
- risk management taxonomy, methodology, processes, policies and systems;
- enterprise wide scenario analysis and stress testing; and
- Internal Capital Adequacy Assessment Process (ICAAP).

NGM Group's Risk Management Framework is illustrated below:



The Board sets the risk appetite for NGM Group and approves the Risk Management Framework. The Risk Committee was established to assist the Board in discharging its responsibilities relating to the implementation and operation of risk and compliance management frameworks. As part of this role, in June 2023, the Risk Committee reviewed changes to the Risk Management Strategy, Risk Appetite Statement and a number of other material risk policies, which were subsequently approved by the Board.

6.2 Exposure to environmental and social risks

The Board acknowledges the importance of managing environmental and social risks, including climate risk, as a responsible organisation in the community and in fulfilling NGM Group's purpose to 'help our customers and communities thrive'. For additional information regarding NGM Group's Environmental, Social, Governance (ESG) Framework, refer to page 20.

6.3 Internal audit

NGM Group maintains an in-house internal audit function, whose work is augmented by a co-sourced internal audit service provider. The role of the internal audit function is to provide independent and objective assurance to the Board, Audit Committee and Management. The internal audit function systematically reviews NGM Group's governance framework and risk management framework and internal controls in accordance with an annual Internal Audit Plan, and assesses how well risks are managed and recommends process improvements.

The Head of Internal Audit reports functionally to the Audit Committee through its Chair, and administratively to the CEO. The Audit Committee has direct access to the internal auditors, and both the Audit Committee and the internal auditors have access to Management to seek all necessary information and explanations with respect to internal audit reviews.

Concise Financial Report

Income statements

For the year ended 30 June 2023

	Notes	Parent Entity		Consolidated Entity	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest revenue	5	710,194	285,432	593,185	252,328
Interest expense	5	(344,141)	(69,919)	(226,701)	(36,792)
Net interest income		366,053	215,513	366,484	215,536
Fee and commission revenue	6	22,064	13,279	22,064	13,279
Fee and commission expense		(19,374)	(10,666)	(19,374)	(10,666)
Net fee and commission income		2,690	2,613	2,690	2,613
Other operating income	7	696	1,830	1,373	2,499
Other net losses	8	(2,743)	(96)	(2,388)	(3,169)
Impairment write-back/(expense) on loans and advances		(12,213)	1,303	(12,213)	1,303
Impairment write-back/(expense) on financial assets		(40)	18	(40)	18
Depreciation and amortisation expense		(18,675)	(21,935)	(18,675)	(21,935)
Personnel related expenses		(148,115)	(98,004)	(148,115)	(98,004)
Operating expenses		(82,091)	(50,556)	(83,969)	(52,046)
Profit before income tax		105,562	50,686	105,147	46,815
Income tax expense		(32,195)	(14,791)	(32,257)	(14,791)
Profit for the year		73,367	35,895	72,890	32,024
<i>Attributable to:</i>					
Non-controlling interests		-	-	(629)	(3,871)
Members of Newcastle Greater Mutual Group Ltd		73,367	35,895	73,519	35,895

The above income statements should be read in conjunction with the accompanying notes.

Statements of comprehensive income

For the year ended 30 June 2023

	Parent Entity		Consolidated Entity	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Profit for the year	73,367	35,895	72,890	32,024
Other comprehensive income, net of tax				
<i>Items that may be reclassified to profit or loss:</i>				
Changes in the fair value of cash flow hedges	(7,286)	16,378	(7,286)	16,378
<i>Items that will not be reclassified to profit or loss:</i>				
Changes in the fair value of property	8,643	-	8,643	-
Other comprehensive income for the year, net of tax	1,357	16,378	1,357	16,378
Total comprehensive income for the year	74,724	52,273	74,247	48,402
<i>Attributable to:</i>				
Non-controlling interests	-	-	(629)	(3,871)
Members of Newcastle Greater Mutual Group Ltd	74,724	52,273	74,876	52,273

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Statements of cash flows

For the year ended 30 June 2023

	Parent Entity		Consolidated Entity	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Interest received	684,125	285,698	567,159	252,594
Other income	2,522	1,194	3,295	1,934
Fees and commissions received	25,884	15,925	26,005	16,145
Interest paid	(345,857)	(68,334)	(221,516)	(36,474)
Donations paid	(333)	(20)	(2,144)	(2,540)
Payments to suppliers and employees (inclusive of GST)	(223,626)	(160,036)	(231,740)	(160,121)
Income tax paid	(39,338)	(20,588)	(39,399)	(20,588)
<i>(Increase)/decrease in operating assets:</i>				
Net movement in financial assets	886,294	237,630	740,020	(127,377)
Net movement in loans and advances	(593,115)	(613,459)	(598,496)	(610,853)
<i>Increase/(decrease) in operating liabilities:</i>				
Net movement in deposits	(119,668)	615,201	(119,840)	616,097
Net cash inflow/(outflow) from operating activities	276,888	293,211	123,344	(71,183)
Cash flows from investing activities				
Payments on unwinding of interest rate swaps	2,665	-	2,665	-
Payments for intangible assets	(282)	(759)	(282)	(759)
Payments for property, plant and equipment	(4,089)	(1,120)	(4,089)	(1,120)
Proceeds from sale of property, plant and equipment	-	15	-	15
Cash transferred from merger with Greater Bank	268,997	-	351,777	-
Net cash outflow from investing activities	267,291	(1,864)	350,071	(1,864)
Cash flows from financing activities				
Net increase/(decrease) in borrowings	2,483	(429,311)	45,788	(227,030)
Payments for lease liabilities	(11,514)	(8,487)	(11,514)	(8,487)
Net cash inflow/(outflow) from financing activities	(9,031)	(437,798)	34,274	(235,517)
Net increase/(decrease) in cash and cash equivalents	535,148	(146,451)	507,689	(308,564)
Cash and cash equivalents at the beginning of the financial year	273,825	420,276	494,518	803,082
Cash and cash equivalents at the end of the financial year (excluding provision for impairment losses)	808,973	273,825	1,002,207	494,518

The above statements of cash flow should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2023

This concise financial report relates to both Newcastle Greater Mutual Group Ltd as an individual entity (NGM Group) and the entities it controlled at the end of, or during, the year ended 30 June 2023 (the consolidated entity).

The accounting policies adopted have been consistently applied to all years presented.

NGM Group is an entity referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the concise financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars.

1. Presentation currency

The presentation currency used in this concise financial report is Australian dollars.

2. Dividends

NGM Group is a mutual bank and is prohibited from paying dividends.

3. Comparative information

Comparative information has been reclassified where appropriate to enhance comparability. Please refer to the full set of financial statements for further information.

4. Management discussion and analysis

The financial position and performance of the consolidated entity was subject to significant change during the financial year because of the merger with Greater Bank Limited on 1 March 2023. The following material impacts were noted:

- The fair value of assets and liabilities of Greater Bank were recognised on 1 March 2023. As a result, there was a material increase in all balance sheet line items from this date. The details of the fair value of assets and liabilities transferred from Greater Bank Limited are outlined in Note 11; and
- The financial performance of the consolidated entity included the income and expenses of Greater Bank from 1 March 2023. However, due to the consolidation of some operational functions on the date of merger, it is not practical to fully distinguish the contribution of Greater Bank to the financial performance of the consolidated entity for the financial year.

4.1 Income statement

The consolidated entity delivered a robust financial result for the year ended 30 June 2023. The net profit after tax of \$72.9m was delivered in a challenging operating environment. Comparatively, for the year ended 30 June 2022, Newcastle Permanent and Greater Bank individually delivered net profits after tax of \$32.0m and \$6.1m respectively.

In addition to the impact of the merger, net interest income increased due to higher home loan balances and increases in the RBA cash rate. This favourability was partially offset by

higher operating costs driven by rising inflation, increases in the provision for expected credit losses and one-off costs from the merger and integration.

Key to the result was the balancing of customer outcomes in a rising interest rate environment and maintaining strong underlying business performance.

The consolidated entity continued to invest in the business during the financial year, completing the merger between Newcastle Permanent and Greater Bank whilst also delivering new products and services, including a new digital mortgage offering.

4.2 Balance sheet

At 30 June 2023, the consolidated entity's total assets reached \$20.1 billion, at level at which it is now considered by APRA to be a 'significant financial institution'. The increase from prior year was \$7.9 billion (+65%) or \$9m (+0.1%) excluding the impacts of the merger.

Net loans and advances as at 30 June 2023 were \$15.5 billion, an increase of \$5.8 billion (+59%), or \$605m (+6%) excluding the merger, representing strong underlying business momentum with loan approvals of \$3.1 billion.

The consolidated entity has a strong funding profile with deposits and borrowings growing by \$7.3 billion (+66%). After adjusting for the impact of the merger, deposits and borrowings decreased marginally by \$73m (-0.7%).

The provision for expected credit losses was \$25.2 million, representing 0.16% of gross loans and advances. The consolidated entity retains a conservative level of provisioning to mitigate any future losses that may arise due to the uncertain economic outlook.

(a) Equity

Total equity of the consolidated entity as at 30 June 2023 was \$1,729m, which includes the fair value of net assets transferred from the merger with Greater Bank. This places the consolidated entity as the largest mutual bank in Australia by way of net assets.

At 30 June 2023 the regulatory capital adequacy ratio was 21.9%, well above the minimum prudential requirement. The consolidated entity remains one of the best capitalised ADIs in Australia, which provides a stable base upon which to continue to grow the business and navigate the uncertain economic outlook.

4.3 Cash flow statement

Total cash and cash equivalents as at 30 June 2023 were \$1.0 billion, an increase of \$507.5m (+103%), or \$155.7m (+32%) excluding the merger.

The regulatory liquidity ratio of the consolidated entity was 19.7% as at 30 June 2023, well above the minimum prudential requirement and internal targets. The strong and stable liquidity position provides an excellent foundation for long-term financial sustainability.

The components of the movement in cash are outlined in the Statement of Cash Flows.

	Parent Entity		Consolidated Entity	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
5. Net interest income				
<i>Interest revenue:</i>				
Loans and advances	496,059	234,106	498,474	236,570
Cash and liquid assets	214,135	51,326	94,711	15,758
	710,194	285,432	593,185	252,328
<i>Interest expense:</i>				
Deposits	180,680	21,056	180,679	21,056
Borrowings	162,937	48,545	45,498	15,418
Lease liabilities	524	318	524	318
	344,141	69,919	226,701	36,792
Net interest income	366,053	215,513	366,484	215,536

Included within total net interest income for the year ended 30 June 2023 is \$19,818,000 relating to the amortisation of fair value adjustments calculated as part of the business combination with Greater Bank.

6. Fee and commission income				
Fee revenue	19,245	12,189	19,245	12,189
Commission revenue	2,819	1,090	2,819	1,090
	22,064	13,279	22,064	13,279
7. Other operating income				
Rental income	207	186	207	186
Partnership income	-	750	-	750
Managed fund distributions	-	-	677	668
Other income	489	894	489	895
	696	1,830	1,373	2,499
8. Other net gains and losses				
Net loss on disposal of property, plant and equipment	(2,905)	(132)	(2,905)	(132)
Writeback of previous impairment of land and buildings	17	-	17	-
Net realised gain/(loss) on disposal of investments	-	-	(517)	281
Net unrelieved fair value gains/(losses) on financial assets at FVTPL	158	36	1,030	(3,318)
Ineffectiveness on cash flow hedges	(13)	-	(13)	-
	(2,743)	(96)	(2,388)	(3,169)

9. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting periods. These standards are not expected to have a material impact on the consolidated entity in future financial reporting periods and on foreseeable future transactions. Therefore, they have not been disclosed in this note.

10. Matters subsequent to the end of the financial year

There have been no matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of NGM Group in future financial years.

11. Business combination

On 1 March 2023, Greater Bank Limited merged with Newcastle Permanent Building Society Limited by way of a voluntary transfer of business pursuant to the Financial Sector (Business Transfer and Group Restructure) Act of 1999 (Cth). Following the merger the corporate name was changed to Newcastle Greater Mutual Group Ltd. Combining the resources and financial strengths of Greater Bank Limited and Newcastle Permanent Building Society Limited provides an unparalleled opportunity to grow and innovate, to deliver even better value for our customers. Merging will also enable us to keep pace with increasing regulation and reporting, and the rapid advancements in banking technology, both of which require significant investment.

The transaction involved the transfer of all Greater Bank Limited assets and liabilities to Newcastle Greater Mutual Group Ltd. Each Member of Greater Bank Limited became a Member of Newcastle Greater Mutual Group Ltd on 1 March 2023 unless the Member was already a Member of Newcastle Greater Mutual Group Ltd. As part of the business combination, there was no purchase consideration (either cash or deferred) made to the members of Greater Bank Limited.

The fair value of the identifiable assets and liabilities of Greater Bank Limited as at the date of merger 1 March 2023 were:

	Fair Value \$'000
Assets	
Cash and cash equivalents	351,777
Net loans and advances	5,169,998
Investment securities	2,303,571
Other financial assets	615
Deferred tax assets	40,617
Other assets	62,950
Total assets	7,929,528
Liabilities	
Deposits and other borrowings	7,106,655
Current tax liabilities	1,882
Derivative financial instruments	4,574
Other financial liabilities	220,000
Other liabilities	51,995
Total liabilities	7,385,106
Fair value of identifiable net assets	544,422
Less: Fair value of identifiable net assets attributable to non-controlling interests	1,868
Fair value of identifiable net assets attributable to members of the consolidated entity	542,554
Less: Fair value of identifiable net assets attributable to subsidiaries in the group	1,894
Fair value of identifiable net assets attributable to members of the parent entity	540,660



Directors' declaration

The Directors of Newcastle Greater Mutual Group Ltd declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2023 as set out in the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

The concise financial report is an extract from the full financial report for the year ended 30 June 2023. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report and auditor's report, which is available on request free of charge.

This declaration is made in accordance with a resolution of the Directors.

W.M. Russell
Chair

J.R. Eather
Deputy Chair

27 September 2023
Newcastle

Independent Auditor's Report

Deloitte.

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Independent Auditor's Report to the members of Newcastle Greater Mutual Group Ltd

Opinion

We have audited the concise financial report of Newcastle Greater Mutual Group Ltd (the "Entity") and its controlled entities (the "Group") which comprises the consolidated balance sheets as at 30 June 2023, the consolidated income statements and comprehensive income statements, consolidated statements of changes in equity, consolidated statements of cash flows for the year then ended, and related notes, derived from the financial report of the Entity and Group for the year ended 30 June 2023.

In our opinion, the accompanying concise financial report of Newcastle Greater Mutual Group Ltd, complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Concise Financial Report* section of our report. We are independent of the Entity and Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Concise Financial Report

The concise financial report does not contain all the disclosures required by the *Australian Accounting Standards* in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon.

The Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the financial report in our report dated 27 September 2023.

Responsibilities of the Directors for the Concise Financial Report

The directors of the Entity are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

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Deloitte.

Auditor's Responsibilities for the Audit of the Concise Financial Report

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with *AASB 1039 Concise Financial Reports* based on our procedures, which were conducted in accordance with *Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements*.



DELOITTE TOUCHE TOHMATSU



Mark Lumsden
Partner
Chartered Accountants
Sydney, 27 September 2023

Auditor's Independence Declaration

Deloitte.

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27 September 2023

The Board of Directors
Newcastle Greater Mutual Pty Ltd
307 King Street
Newcastle West, NSW 2310

Dear Directors,

Auditor's Independence Declaration to Newcastle Greater Mutual Group Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Newcastle Greater Mutual Group Ltd.

As lead audit partner for the audit of the financial report of Newcastle Greater Mutual Group Ltd for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Mark Lumsden
Partner
Chartered Accountants

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**NGM
GROUP**

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