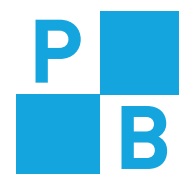


Police
Bank

60 Years

By your side

Police Bank Annual Report 2025





Police Bank pays respect to the past, present, and emerging Traditional Custodians and Elders of this nation. We acknowledge and celebrate the continuation of cultural, spiritual, and educational practices of Aboriginal and Torres Strait Islander peoples on this land.

As we mark another year of service to our members, 2025 has been a milestone moment for Police Bank – a year defined by renewal, purpose, and progress.

For more than 60 years, Police Bank has stood alongside Australia’s Policing and Border Force communities, offering more than just financial products – we offer trust, stability, and an unwavering commitment to those who serve. In 2025, that legacy remains strong, but our focus is firmly on the future.

We continued to invest in our people, our platforms, and our members, delivering modern banking solutions while preserving the values that make us unique. This year saw growth in our digital capabilities, deepened community partnerships, and further support for our members through every stage of life.

We also reaffirmed our commitment to profit serving purpose – increasing our community contributions, supporting Police Legacy, backing Police and Border Force sporting clubs, and investing in programs that improve wellbeing, connection, and opportunity.

This report reflects not only our financial performance, but the broader impact we strive to make each day. On behalf of our Board and Executive Team, thank you to our members for your trust and support. We remain proud to serve you – today, tomorrow, and for generations to come.

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Poised for growth

As Police Bank celebrates its 60th year and shifts attention to the next phase of growth, the past 12-months have marked a turning point for the bank. With the successful completion of our previous five-year transformation program, we're about to enter a new strategic phase, focused on innovation and deepening our bond. In June, the board formally adopted a new strategic plan for the bank, one shaped by the same values that have guided us for six decades: integrity, service, and community.

As most members know, Police Bank is proudly member owned. We do not have shareholders, and all profits are either returned directly to members or reinvested into the bank and the Police and Border Force community. Our model allows us to focus solely on delivering long-term value – through competitive product offerings, support during financial hardship, and meaningful investment in the wellbeing of our Police and Border Force members and their families. This commitment is especially focused on our Police Legacy partners in NSW, the AFP and Tasmania, and will continue to strengthen well into the future, as we look at how to further grow the bank.

OUR NEW STRATEGY

Our new strategic plan sets out an ambitious target: 10% growth per annum over the next five years. This goal reflects our confidence in the strong foundations we have built, and our commitment to sustainable expansion that remains true to our founding mission.

The plan is underpinned by three strategic pillars: pursuing growth close to the core, prioritising members and belonging, and investing in areas that drive member value.

Our plan is the result of extensive consultation, including direct feedback from members and staff workshops. It has been shaped by those who know us best and will be overseen by our board to ensure it is implemented in a way that our members have come to expect.

BUILDING ON OUR LEGACY

Our plan for the future has been shaped by what we've learned in the past. In 2019, the bank faced a pivotal moment. While our capital and liquidity remained in good shape, rising costs and reduced income placed our long-term sustainability at risk. In response, the Board acted swiftly to turn things around. A five-year strategic plan was adopted, led by our then-Chair and now Chief Executive Officer, Greg McKenna.

The plan focused on rebuilding the bank, both technologically and culturally. It was a deliberate and disciplined effort to modernise our systems, restore efficiency, and enhance our risk culture, all while enhancing our service to members.

The financial results for the 2025 financial year have again been strong with loan and deposit growth of over 8% contributing to our continuing above-budget profitability. Combined with 3% increase in membership numbers it is clear that the work of the past five years has made Police Bank attractive to both borrowers and investors. Critically the key measures of our viability – liquidity and capital – have been maintained at exceptional levels, providing the platform to embark on our growth strategy.

These improvements reflect more than just numbers; they speak to a cultural shift across the bank. The Board has been focused on risk culture and ensuring our values of integrity and accountability are embedded in the organisation.

I would particularly like to acknowledge the efforts of the entire staff of Police Bank who have worked exceptionally to transform the organisation and set us up for the next five years of growth. Their commitment to serving our members is reflected in our customer satisfaction surveys.

FUTURE-FOCUSED TECHNOLOGY

In November last year, we successfully upgraded our core banking system, alongside updated Internet Banking and Mobile Banking App. This was one of the largest and most complex projects in our history and I'm proud to say it was delivered on time and without disruption to members.

This technological foundation will enable us to scale service delivery, offer a better digital experience, and support the next phase of our growth strategy.

WHY WE EXIST

While our focus on internal performance has been important, our purpose has always been to support the people who protect our communities.

In 2024, we strengthened our position as a major financial partner of Police Legacy in NSW, Tasmania and the Australian Federal Police. Our contributions helped them continue the vital work of supporting the partners, children, and families of police officers who have passed away or are facing hardship. It's a privilege to support organisations that embody compassion, resilience and community care.

We also continued to support the Police Associations of NSW and Tasmania, whose advocacy on behalf of members remains essential. Our shared values of fairness, service, and solidarity continue to shape our long-standing partnerships.



In the past 12 months, we've continued to support grassroots and representative Police sport across Australia, including teams in basketball, golf, touch football, and rugby league. These sporting communities bring people together, support wellbeing and strengthen identity within the Police and Border Force families.

These initiatives are made possible by our strong financial performance – and by our commitment to reinvest those returns in the people we serve.

A key area of innovation continues to be our partnership with HOPE Housing. This shared-equity home loan scheme has now supported more than 30 essential workers, including police, into home ownership – a critical step toward long-term financial stability.

We believe this is the future of housing finance for essential workers. With more than 3,000 applicants on the waiting list, we are working closely with the NSW Government to scale the program.

We gave evidence to the NSW Parliament's inquiry into key worker housing, highlighting the difficulties for Police and other essential workers purchasing housing close to where they work. The report supported the shared equity schemes as a solution, and highlighted HOPE as a case study. Our involvement in this initiative reflects our broader ambition: to solve real-world challenges for our members, in ways that align with our founding purpose.

LOOKING AHEAD

As we look forward to the next phase of Police Bank's journey, I wish to acknowledge those who have brought us to this point.

To the Board, the executive and senior leadership teams – thank you for your courage and clarity, for embracing our vision and accepting the challenge of collaborating to help to shape its execution.

It's still my honour to serve as Chair of Police Bank. As we implement our new strategic plan, I am confident that our financial strength, culture, and deep connection to the Police and Border Force communities will allow us to grow responsibly and continue to support our members – just as we have for the past 60 years.



A handwritten signature in blue ink, reading 'Peter Remfrey'.

Peter Remfrey
Chair
Police Bank



The underlying theme of my leadership of Police Bank across the past five years has been connection – and reconnection – with our members.

Police Bank has worked hard to reinforce our commitment to members and their families – and to the Police and Border Force communities, Police Legacy, Police Rugby League and other Police sporting groups. One standout of this past year has been our sponsorship and attendance at the Police and Emergency Services Games in Hobart in March.

As an organisation, we believe in serving our members directly, and our team is filled with people who genuinely want to serve our members, and our community. We've worked hard to let our members know that we genuinely are here to serve them, their families, and the Police and Border Force communities.

That service is clearly being recognised, given our growth last financial year in both loans and deposits. On loans we saw a strong growth rate, which was well above system of 9.5 per cent. This growth has come from our people working one-to-one, member-to-member, and family-to-family – sitting down and working through what members were looking for and tailoring a solution for the member and their family.

Banking is more than just home loans and we were pleased to be able to grow our deposits by 6.9 per cent during FY25. Our membership grew 3 per cent to 77,123 members, too.

If Police Bank has a superpower – or a sustainable point of difference – it would be Human Connection. It is our service and care for members, and the genuine care and connection of our frontline staff. Our retail banking team – which covers our branches, our call centre, our mobile lenders, of the relationship management team – and our Operations team who handle scams, frauds, loan settlements, hardships and so much more – are all completely dedicated to serving our members.

So, it's been great to see members increasingly taking up our offer.

And of course, the whole bank that sits behind the front line is calibrated toward member service and member care. It's in our DNA, planted there by our founders in 1964 and that commitment to members has been redoubled over the past five years as we've sought to reconnect with our members.

One of the most important things we achieved in FY25 was address the issues around the Mobile Banking App we launched in 2022. While our Technology team had done a wonderful job stabilising that over previous years, we knew we could deliver a smoother experience.

So, along with a significant upgrade to our core banking system and new Internet Banking, we changed out our app for a new one and have received great feedback from members with uptake of the new app climbing substantially.

We'll be working to upgrade that again later this year, with a cycle of continued enhancements following the next upgrade.

Banking is a complicated business in a complex world. There is much we do that members don't see, and that also means there is much unseen work that underpins our ability to serve members. Sometimes things break and that causes an issue – either for the bank, or our members. We try to keep the disruption as short as possible, and we've been working hard to build organisational resilience and comply with APRA regulations on cyber security, operational risk management as well as the Scams Accord, as we buttress members and the bank from the increasing threats of online fraud and disruption.

The other major initiative over the past year has been the development of a long-term growth strategy that seeks to build on our core identity as a purpose-led, community-first mutual that is deeply bonded to its members in the Police and Border Force communities.

This strategy refresh was an extensive process that began by asking our members exactly what they want. To ensure our strategy was truly member-driven, we undertook a rigorous six-month research and consultation process, which included more than 95 hours of direct engagement with the bonded community, and deep interviews with dozens of members.

These conversations provided invaluable insights, and resulted in the following three pillars of our 2025-2030 strategy:

1. PURSUE GROWTH PATHWAYS CLOSE TO THE CORE

Our growth will come from deepening relationships with our existing and core member base. We'll invest in products, experiences and services that are highly relevant to members at every life stage and point along their career in policing, border force or emergency services. We are committed to personal, trusted, and direct relationships.

2. PRIORITISE MEMBERS AND BELONGING

Member experience is at the heart of everything we do. We will meet our members where they are, delivering differentiated and exclusive value propositions and rewarding long-term loyalty. From youth to retirement, we want Police Bank to be a lifelong financial partner.

3. ENABLE THROUGH SELECTIVE INVESTMENT

We will continue to invest in technology, capability, and financial literacy – but with precision. For example, in the year ahead, we're launching a new mobile app, enhancing digital services, and investing in education programs for police recruits and young members. We're also refurbishing our Goulburn branch at the Academy, to strengthen our physical presence where it matters most.

While members will notice some of these changes in the next 12 months, the majority will be rolled out gradually. We want to ensure we get this right.

As we close this year and look to the future, I'm proud of what we've achieved, and even more excited about what lies ahead. This organisation is grounded in purpose, fuelled by connection, and committed to delivering banking that truly serves.

On behalf of the entire Police Bank team, thank you for your continued trust. We remain, as ever, bonded to our members for life.

REFLECTIONS FROM THE PAST YEAR

Police Bank marked its 60th year this year, which brought a mix of celebration and renewed focus on our reason for existing. Throughout the year, our 60th anniversary celebrations gave us an opportunity to reconnect with our members, reflect on our roots, and share our pride in serving the policing and emergency services communities. In October, we commemorated this milestone with a series of campaigns and events.

A highlight of our year was the \$50,000 donation we made to the Police Legacy Educational Grants Program, which directly goes to supporting legatees with their schooling costs. I know from conversations with Legacy CEO, Donna McCarthy, that these funds will be highly sought after, with families in need already appealing for support with these essential costs.

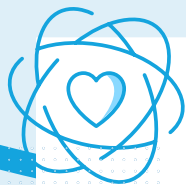
Continuing to build our financial strength so we can continue to support the Police Legacies we work with in NSW Police, AFP, and Tasmania Police remains a key driver of who we are as an organisation.



Greg McKenna

Greg McKenna
CEO
Police Bank

Living our values every day



Integrity

We act with honesty, fairness, and transparency – always. Integrity is central to building trust with our members, many of whom serve on the frontline and rely on us for financial stability. In every decision and interaction, we are committed to doing the right thing



Curiosity

We are always looking for better ways to serve. Curiosity drives innovation, improvement, and a member-first mindset. Whether we're enhancing digital platforms or rethinking home ownership pathways, we ask questions, listen carefully, and embrace fresh ideas.





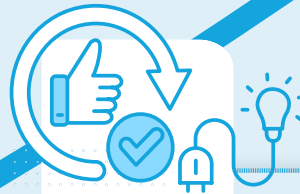
Accountability

We take responsibility for our actions, our results, and our impact. Our members trust us to deliver on our promises. That trust is earned every day through dependable service, transparent communication, and a culture where people own what they do.



Respect

We value the contributions, experiences, and diversity of our members, colleagues, and communities. Respect underpins every interaction – from listening with empathy to treating everyone with dignity. By fostering a culture of mutual respect, we strengthen the connections that make Police Bank unique and ensure every member feels valued.



Engagement

We show up – for our members, our colleagues, and our communities. From community events and sponsorships to everyday banking support, we're present, involved, and invested in the lives of those we serve. Engagement isn't just a value – it's our commitment in action.

Together, these values ensure Police Bank remains a trusted, purpose-driven partner – now and for generations to come.

In 2024-25, as part of our 60th anniversary and future-focused transformation, Police Bank introduced a refreshed set of organisational values. These five values – Integrity, Curiosity, Accountability, Respect, and Engagement – reflect who we are today and where we're headed. They were developed in consultation with our people and members, and now guide how we operate, make decisions, and serve our community with purpose.

About Police Bank



At Police Bank, our mission has remained consistent for more than six decades: to serve and support our members with integrity, care, and commitment.

What began in 1964 as a modest credit union formed by a group of NSW Police officers has grown into a trusted, purpose-driven financial institution serving more than 77,000 members across Australia.

Our roots remain firmly planted in service to those who protect and support our communities – including members of the Police, Border Force, and their families – and our vision is clear: banking built for those who protect.

Throughout our six decade journey, we've brought together a broader community of members through strategic mergers with like-minded institutions such as Penrith City Council Employees Credit Union, HMC Staff Credit Union (Customs Credit Union), and

Heritage Isle Credit Union. We're proud to serve a growing national member base who share our values and purpose.

In 2025, Police Bank continues to evolve to meet the changing needs of our members – from home ownership and everyday banking to long-term savings and planning for the future. We are deeply committed to delivering outstanding service, personalised banking experiences, and innovative digital solutions, designed with and for the people we serve.

Home ownership remains a major challenge for many Australians – especially first responders and frontline workers. In 2024–25, Police Bank proudly helped 83 first home buyers through the Housing Australia Scheme with accessible, purpose-driven lending, and supported 9 members into home ownership via our HOPE Housing partnership – an innovative shared-equity solution designed to support essential workers priced out of the market. These initiatives reflect our commitment to making home ownership more accessible for the communities we serve.

to protect the financial
security and wellbeing
of our Policing & Border
Force families
**into the
future.**



As a member-owned bank, we reinvest our profits to benefit our members and the communities they represent – not external shareholders. That means better rates, lower fees, and stronger community engagement. We proudly sponsor Police, Border Force, and Home Affairs sporting clubs and events, support charitable and welfare initiatives, and maintain partnerships with key industry associations.

But our commitment goes beyond our financial support. Many of our team, leaders, and directors come from Policing and Border Force backgrounds, and understand the pressures and realities of frontline service. That lived experience drives our empathy, shapes our products, and deepens our connection to the people we serve.

In 2025, we are more committed than ever to creating financial empowerment and community enrichment. With a strong capital base, enhanced digital capabilities, and a growing suite of award-winning products, we are well positioned to support our members today – and for generations to come.



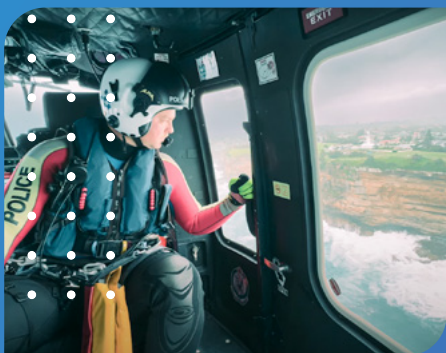
Guided by our values – integrity, curiosity, accountability, respect, and engagement – we continue to adapt, grow, and find new ways to serve our members. Because while the world may change, our purpose never will.

Creating positive impact in our communities

At Police Bank, community isn't a department – it's part of who we are. For more than 60 years, we've proudly stood beside the people who serve and protect Australia. In 2024-25, we continued to invest in meaningful partnerships, impactful initiatives, and grassroots programs that create real and lasting change.

Guided by our vision of
banking built for those who protect,
we contributed more than
\$707,000

to community initiatives and Police Associations this year – a growing commitment that reflects the central role our members and their families play in everything we do.



STRENGTHENING OUR COMMITMENT TO POLICE LEGACY

This year, Police Bank announced an additional \$50,000 contribution to the Police Legacy Education Grant Fund, unveiled at the 2025 Blue Ribbon Ball. The donation will directly support the children and young adults of fallen Police officers, helping to alleviate financial pressure and open doors to brighter educational futures.

In 2024 alone, 161 education grants were distributed, totalling nearly \$450,000 in assistance. These grants supported school fees, textbooks, uniforms, tutoring, and more – enabling legatees to continue their studies without undue financial strain.

“We understand the immense challenges faced by families who have experienced the loss of a loved one in the line of duty. This additional contribution to the Education Grant Fund is our way of assisting NSW Police Legacy provide these families with the support they deserve. We believe that education is a powerful tool for changing lives, and we are proud to help these young people build a brighter future, one step at a time.”

— GREG MCKENNA, CEO, POLICE BANK

Blue
Ribbon
Ball

Heart to
Heart Walk

Ride for
Justice

NSW
Police
Rugby
League

Police
Boxing



Key outcomes from the Education Grant Fund in 2024 included:

- 100% of Year 12 legatees completed their HSC or equivalent
- 20 legatees graduated, including 3 apprentices, 7 tertiary students, and 10 Year 12 students
- 22 commenced tertiary study or apprenticeships
- 20 currently undertaking traineeships or apprenticeships
- 3 solo parents accessed the fund for upskilling

We are proud to continue standing beside NSW Police Legacy through events such as the Wall to Wall Ride for Remembrance, the Remembrance Bicycle Ride, and our 18th year as a major sponsor of the Blue Ribbon Ball. Supporting Legacy is one of the most meaningful ways we honour the families of those who gave everything, and this year saw the launch of the inaugural National Police Legacy Day.

CHAMPIONING THE POWER OF SPORT

We understand the demanding nature of policing and border work, and we also know the proven mental and emotional benefits of physical activity, camaraderie, and healthy competition.

That's why we continue to stand firmly behind Police sporting clubs and events – as sponsors, spectators, and supporters. In 2024-25, we proudly backed the NSW Police Rugby League, Police Boxing, the Golden Boot, the Police Council of Sport Movember Day, and the Australian Police Golf Championships, among others. We also supported regional initiatives such as the Manning Great Lakes Cricket/Wellbeing Day, which bring together communities through sport and mental wellness.

SUPPORTING BROADER COMMUNITY INITIATIVES

Beyond sport, we backed community-driven mental health initiatives including the Ride for Justice and Heart to Heart Walk, while continuing support for the Tasmania Police Charity Trust Bike Ride, which this year raised funds for Camp Quality Tasmania, and extended our commitment to HeartKids Tasmania.

ELEVATING POLICE VOICES

Helping the broader community understand and appreciate the work of policing is a key part of our purpose. We supported two Women's Leadership programs and our team returned to the NSW Royal Easter Show to engage directly with aspiring officers and the broader community – helping inspire the next generation of Police.

LOOKING AHEAD

Police Bank's commitment to community is more than a tradition – it's a responsibility. From supporting legatees through education to creating space for mental wellbeing and storytelling, our actions reflect a deeper truth: we stand with those who serve.

We look forward to building on this commitment in the years ahead – honouring our past, enriching our present, and investing in the future of our Police, Border Force, and Home Affairs families.



Celebrating 60 years of service to our community

In 2024-25, Police Bank proudly marked its 60th anniversary – a milestone that honoured our legacy and reaffirmed our purpose: to support those who serve. From national landmarks to grassroots events, we celebrated with meaningful actions that reflect the heart of our Bank and the members we serve.





The Sydney Opera House turns blue for Police Legacy

We were pleased to see the iconic Sydney Opera House lit up in blue on June 17, to mark the launch of the inaugural National Police Legacy Day, in recognition of the incredible work of Police Legacy. This moment was more than symbolic – it was a visible, public tribute to the families of fallen officers and a powerful reminder of our shared commitment to those who serve. Watching the sails glow blue was deeply emotional for many in our community, including our team and members. It made us reflect on what Police Bank has stood for since its inception in 1964 – respect, remembrance, and unwavering support for the policing family.



Backing the NSW Police Rugby League



We've stood behind the NSW Police Rugby League for decades, and it was a privilege to continue that support in our 60th year. Sport plays a vital role in the wellbeing of police – building connection, resilience, and camaraderie on and off the field. Whether it's cheering from the sidelines or helping keep the competition alive, our sponsorship ensures officers have an outlet that brings teams and communities together. In our anniversary year, it was particularly meaningful to reinforce our commitment to the people who protect and serve – not just through banking, but by backing what matters to them.

Supporting the Australasian Police & Emergency Services Games



Supporting the Australasian Police & Emergency Services Games during our 60th anniversary was a highlight of the year. These events bring together officers from all over the country in the spirit of competition, community, and wellbeing – values that align closely with our own. The Games are about more than sport: they're about mateship, mental health, and reinforcing the bonds that sustain the police community. Police Bank is proud to help make that possible. It was a standout moment in our anniversary calendar and a strong reflection of the community values that guide us every day.



18 years with the Blue Ribbon Ball



In our 60th year, we were proud to sponsor the Blue Ribbon Ball for the 18th time - an enduring partnership that means a great deal to Police Bank. The Ball is a powerful tribute to those who have lost their lives in the line of duty, and a chance to unite around shared values of service, sacrifice and support. It's also an important fundraiser for NSW Police Legacy, whose work we continue to back with pride. Being part of this night, surrounded by officers, legateses, and leaders, reminds us why we exist: to serve those who serve others.

\$50,000 for the Education Grant Fund



To honour our milestone year, Police Bank contributed an additional \$50,000 to the Police Legacy Education Grant Fund in support of the families and children of fallen officers. In 2024 alone, the grant funded 161 students, covering school fees, textbooks, tutoring, and more. We know the pressures these families face, and we believe education is one of the most powerful tools we can invest in. It's a practical way we can help ease the burden for families doing it tough and ensure the next generation can build a brighter future.

Impact at a glance

77,123
members

How we supported our community in FY25

\$707,000

contributed to
**community
initiatives** and
Police Associations

97

events
attended by the
Partnerships &
Engagement
team

700⁺

**community
touchpoints**,
through the retail
team (including
station visits and
event participation)

15

**community
interactions per
week*** a strong
reflection of our
consistent presence
and dedication

* Averaged across the year.

How we supported our members in FY25

95%

of contracts
digitally signed,
streamlining
member
experience

\$301,000

recovered in
fraud-related
cases

30⁺

**hardship cases
managed
per month**,
719 members
supported over
past 12 months

Financial relief
and hardship
assistance
provided to
**members
impacted by
floods across
Australia**

9

**members
supported in
achieving home
ownership**
through our
partnership with
HOPE Housing

83

**first home
buyers
supported
into their first
home** through
the **Housing
Australia First
Home Buyers
Scheme**

Police Bank has been a proud and committed supporter of Police Legacy Tasmania, helping to ensure the families of fallen police officers receive the care, respect, and support they deserve.

Their ongoing partnership demonstrates a deep understanding of the unique challenges faced by police families. Through generous financial contributions, event sponsorship, and community engagement, Police Bank has played a vital role in sustaining the essential work of Police Legacy Tasmania. Their support not only honours the memory of those who have served but also strengthens the bonds within the policing community. We are truly grateful for their unwavering commitment.

Theresa Dilger

CHAIR, POLICE LEGACY TASMANIA LTD.

Police Bank's engagement has been pivotal to the reach and impact of my Operational Readiness training program for NSW Police.

Their support is more than funding; it is a clear commitment to the health, safety and professionalism of those who serve. It's about standing beside the men and women who step forward when others step back. I am so grateful for this partnership. It strengthens our training, supports our people and shows what happens when a bank chooses to serve its community in a practical, respectful way.

Allan J Sparkes CV, OAM, VA, FRSN

FOUNDER, OPERATIONAL READINESS

Working with Police Bank has been more of a partnership for Australian Federal Police Legacy (AFPL) than a commercial arrangement.

Police Bank has been an excellent partner and collaborator for many years. Not only do they provide sound financial advice, they've also been there for our charity in challenging times. Police Bank are excellent communicators, with locally engaged staff who go the extra mile to help the customer. AFPL trusts Police Bank, and we would highly recommend them without reservations.

Neil Gaughan APM

PRESIDENT, AUSTRALIAN FEDERAL POLICE LEGACY

Working with Police Bank has been a fantastic experience.

Their ongoing support of police sport and our clubs has made a real difference – helping us grow stronger both on and off the field. Their commitment to supporting police sporting events is evident with their interactions with members at our events, and we're proud to have them as a trusted partner in promoting fitness and supporting / assisting our members.

Sgt. Dean Kirkwood

CHIEF SPORTS OFFICER, NSW POLICE

Your Board



Mr Peter Remfrey | Chair of the Board

Appointed Chair in May 2020, Peter Remfrey has served on the Police Bank Board since 2016, including terms as Deputy Chair and Acting Chair. He was Secretary of the Police Association of NSW from 1998 to 2018 and Branch Administrator of the NSW Police Branch of the Police Federation of Australia from 1988 to 2018. A life member of the Police Association of NSW, Peter holds a degree in Economics (University of Sydney), completed postgraduate studies at Harvard University, is a nationally accredited mediator and graduate of the Australian Institute of Company Directors (AICD). He runs a consulting practice and in 2023 was an advisor to the NSW Premier focused on the reforms to the state's industrial relations system.



Mr Robert Redfern | Deputy Chair of the Board

Robert Redfern has been a Director since 2013 and was appointed Deputy Chair in December 2021. He has had a distinguished policing career, including senior command roles in Legal Services, State Audit, Workforce Safety, and as a Local Area Commander. A Legal Practitioner of the Supreme Court of NSW and High Court of Australia, he holds degrees in Economics and Law, a Master of Studies (Applied Criminology and Management, Cambridge), and an Executive Master of Public Administration (University of Sydney). Robert is a graduate of AICD and recipient of the Australian Police Medal, National Medal, and the Commissioner's Commendation for Service.



Mr Col Dyson | Chair, Board Audit Committee

Col Dyson was appointed to the Police Bank Board in 2012 and has served as the Deputy Chair of the Board. Col has had a distinguished career as a former Detective Superintendent of NSW Police, and Commander of the NSWPF Fraud and Cybercrime squad. He is a recipient of the Australian Police Medal, National Medal 2nd clasp, NSW Police Medal 6th clasp, and the National Police Medal.

Col holds qualifications in management, personnel management, and corporate governance, and has completed strategic leadership and command development programs with the NSW Police Force.



Mr David Hudson | Chair, Board Governance & Remuneration Committee

David Hudson joined the Board in 2017 and is currently Deputy Commissioner of the NSW Police Force. His career includes leadership roles in Investigations and Counterterrorism, as well as Corporate Services. He holds a Master of Public Policy and qualifications in criminology and corporate governance. David's service has been recognised with multiple honours, including the Australian Police Medal, National Police Service Medal, National Emergency Medal, and Commissioner's Commendations for Service.



Mr Pat Gooley | Chair, Board Risk Committee

Appointed in January 2021, Pat Gooley is Secretary of the Police Association of NSW and a former Inspector with the NSW Police Force, where he served for 23 years. Pat holds a Diploma of Policing, a Graduate Certificate of Management (UNSW AGSM), and completed the Harvard Trade Union Program. Admitted as a solicitor in 2008, he serves on numerous committees and boards, including the NSW Police Provident Fund and Blue Knot Foundation. He is a graduate of AICD and recipient of several service medals, including the National Police Service Medal and Humanitarian Overseas Service Medal.



Ms Justine Saunders APM | Director

Appointed in 2021, Justine Saunders is Deputy Secretary for Biosecurity, Operations and Compliance at the Department of Agriculture, Fisheries and Forestry. She has held senior leadership roles in the Australian Border Force and Department of Home Affairs, and previously served as ACT Chief of Police during a 29-year career with the Australian Federal Police. Justine holds a Master of Leadership and Management (Policing), a Bachelor of Social Sciences with Distinction, and a Graduate Certificate in Applied Management. She is a current Deputy Chair of Menslink and has served on multiple boards.



Ms Joanna Bushby | Director

Appointed in 2023, Joanna Bushby brings over 25 years of global experience in financial services. She is a seasoned executive and non-executive director with expertise spanning treasury, investment banking, governance, compliance, corporate funding, strategy, capital markets, and risk management. Joanna has worked across highly regulated environments, both domestically and internationally, and is known for her leadership in complex financial and regulatory contexts. Joanna is a graduate of the Australian Institute of Company Directors (AICD).



Dr Sarv Girn | Chair, Board Technology Transformation Committee

Sarv Girn joined the Board in 2023 and is currently Chief Information Officer at I-Med Radiology Network. With a 30-year career across financial services and healthcare, he has held senior technology and transformation roles at the Reserve Bank of Australia, Westpac, and Commonwealth Bank. Sarv specialises in digital transformation, cyber security risk management, and technology governance. He is a respected leader in navigating complex, large-scale IT change programs with strong business outcomes.

Your Executive Leadership Team

Greg McKenna BEc MAppFin, BBgF, GAICD | Chief Executive Officer

Greg McKenna has served as Chief Executive Officer of Police Bank since March 2020. Prior to this role, he was Chair of Police Bank from January 2019 and a Director on the Board between July 2012 and July 2018.

With nearly four decades of experience across Australia's financial sector Greg's career spans senior roles including Treasurer at Newcastle Permanent Building Society, Global Head of Currency Strategy at National Australia Bank, and Portfolio Manager at State Super. He is also the founder of McKenna Macro, an independent consultancy in economics, markets, and banking. Greg holds a Master of Applied Finance from Macquarie University, a Bachelor of Business (Banking and Finance) from Monash University, and is a graduate of the AICD Company Directors Course.



Dr. Leanne Ward DBA, MBA (Dist.), BBus (Hons), FCPA, GAICD | Chief Financial Officer

Leanne Ward joined Police Bank in February 2020, bringing more than two decades of executive leadership experience across financial services and retail sectors. She has a proven record in business transformation, performance improvement, and delivering strong commercial outcomes.

Leanne has held senior finance leadership roles at some of Australia's most recognised organisations, including CFO roles at Big W (Woolworths Group), AMP Bank, AMP Financial Planning, and Bank of Melbourne. She also held senior positions at St. George Bank, Coca-Cola Amatil and Optus. Leanne holds a Doctor of Business Administration from Macquarie Graduate School of Management, an MBA with Distinction from the University of New England, and a Bachelor of Business (Honours) from Charles Sturt University. She is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors.



Rayna Heckenberg BCom, DipFinRM, PGDipAppFin, MIT-LDP | Chief Risk Officer

Rayna Heckenberg joined Police Bank in June 2020 and has more than 25 years of experience in financial services, both domestically and internationally. Her expertise spans insurance, funds management, broking, and risk consulting, with a core focus on enterprise and operational risk.

Rayna has held senior risk roles at QBE Insurance, Westpac, Commonwealth Bank, Bankwest, and in technology risk and compliance. She completed the Leadership Development Program at the MIT Sloan School of Management and holds a Bachelor of Commerce (Economics and Finance) from UNSW, a Postgraduate Diploma in Applied Finance and Investment (FINSIA), and a Diploma in Financial Risk Management. Rayna's connection to the Police community is personal – both her father and husband served in the NSW Police Force.



Amanda Rohl | Chief Product and Marketing Officer

Amanda Rohl joined Police Bank in 2024 and leads the development of integrated marketing strategies and product innovation to support member growth and financial wellbeing. She is responsible for ensuring the bank's product suite is aligned with evolving customer needs and market expectations.

Amanda brings more than 25 years of experience across Australia, the UK, and Europe, with a strong track record in marketing, product development, and brand leadership. She has held senior roles across financial services, telecommunications, beauty, and agency sectors. Amanda is recognised for her ability to drive commercial and customer outcomes through strategic transformation and high-performing teams.



Nicholas Tseros MBA | Chief Member Officer – Police Bank & Border Bank

Nicholas Tseros is the Chief Member Officer of Police Bank and Border Bank, where he leads all member-facing and digital channels, including branches, the contact centre, relationship management, digital applications, and business development. With a strong belief that banking should be personal and purpose-led, Nicholas is committed to helping families achieve their dream of home ownership, ensuring each interaction provides meaningful value and makes banking more accessible to those serving our communities.

With more than 15 years of experience in financial services and mutual banking, Nicholas has held senior leadership roles across the sector, including retail banking, strategy, product, marketing, and partnerships. He has developed a deep understanding of the operational, cultural, and digital transformations required to deliver outstanding member value and lasting impact.

Nicholas holds an Executive Master of Business Administration from the University of Technology Sydney, where he focused on enterprise leadership, organisational transformation, digital disruption, global innovation, strategy and customer experience.

Nicholas has built strong relationships with police and frontline communities in Australia and with peer mutual banks across the Police Mutual Banking sector globally. His commitment extends beyond banking, he actively supports police supporting clubs and associations, and volunteers in local youth sport and grassroots initiatives.



Lyndall Rose MITM, MBA, BBus | Chief Information Officer

Lyndall is a seasoned technology executive and transformation leader, with more than 15 years of experience spanning digital financial services, enterprise delivery, and strategic change. Lyndall is known for her ability to translate complexity into clarity and drive high-impact outcomes across regulated environments.

As a member of the executive team, Lyndall oversees technology services, cyber security, architecture, data governance, and project delivery across Police Bank and Border Bank brands. Her leadership has been instrumental in reshaping the Bank's technology landscape – delivering a comprehensive uplift of core banking systems, modernising digital channels, and enhancing operational resilience, all while maintaining and improving member experience.

Prior to joining Police Bank, Lyndall held senior roles at humm Group, UBank, 86 400, and Westpac, where she led enterprise-scale programs including core replatforming & migration, consumer digital banking including mobile, website and internet banking channels, digital home lending, business integration, and Open Banking delivery.

Lyndall is a regular panellist at industry events and a mentor as part of Exeltium Tech Elevate Community, Southern Cross University Bright Futures Program, and has contributed to industry research and whitepapers include Profusion's Creating a High-Performance Workforce.

Lyndall holds a Master of Information Technology Management (MITM), Master of Business Administration (MBA), and Bachelor of Business (BBus) and is currently pursuing postgraduate studies in Artificial Intelligence.



Danni Martin MA Org Psych; Hons Psychology; Registered Psychologist | Chief People Officer

Danni joined Police Bank in May 2024, bringing more than 25 years of expertise in organisational psychology and human resources. A registered psychologist, she has led strategic HR initiatives across the funds management, banking, and professional services sectors, with deep experience spanning the full breadth of the HR function.

Previously, Danni was a member of the executive team at Pandal Funds Management (formerly BT Investment Management), where she served as Head of Human Resources. Her career also includes senior HR leadership and consulting roles at Westpac Banking Corporation and PwC Consulting, where she specialised in talent strategy, organisational development, and workforce transformation.

Danni has experience as an organisational psychologist, focusing on psychometric and behavioural assessment to support employee selection and development. She holds a Master of Organisational Psychology from the University of South Australia and a Bachelor of Arts (Honours) in Psychology from the University of Adelaide.



POLICE BANK LIMITED
AND ITS CONTROLLED ENTITIES
ABN 95 087 650 799

Annual Financial Report

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2025

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DIRECTORS' REPORT

POLICE BANK LIMITED AND ITS CONTROLLED ENTITIES
ABN 95 087 650 799
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

INTRODUCTION

The directors of Police Bank Limited (the Bank) and its subsidiaries (hereafter referred to as 'the Group'), submit their report with the financial report of the Group for the financial year ended 30 June 2025. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and details of directors in office during the financial year and until the date of this report are listed below. Note that the directors were in office for this entire period.

- Peter Remfrey
- Colin Dyson
- Justine Saunders
- Joanna Bushby
- Robert Redfern
- David Hudson
- Patrick Gooley
- Sarv Girn

Refer to page 22 of the annual report for the particulars of the directors.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 11 Board meetings, 3 Audit Committee meetings, 3 Risk Committee meetings, 3 Governance & Remuneration Committee meetings, 8 Board Technological Transformation Committee meetings; and 1 Nominations Committee meetings were held.

DIRECTOR	BOARD		AUDIT COMMITTEE		RISK COMMITTEE		GOVERNANCE & REMUNERATION COMMITTEE		BOARD TECHNOLOGICAL TRANSFORMATION COMMITTEE		NOMINATIONS COMMITTEE	
	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend
Peter Remfrey (Chair)	11	11	3	3	3	3	3	3	8	8	1	1
Robert Redfern (Deputy Chair)	10	11	3	3	3	3	2	3	5	8	–	–
Joanna Bushby	9	11	1	2	1	3	3	3	4	6	–	–
Colin Dyson	11	11	3	3	3	3	–	–	–	–	–	–
Sarv Girn	10	11	2	3	2	3	–	–	8	8	–	–
Patrick Gooley	9	11	3	3	3	3	3	3	–	–	–	–
David Hudson	10	11	–	–	2	3	3	3	–	–	–	–
Justine Saunders	9	11	–	–	2	3	3	3	–	–	–	–

Joanna Bushby resigned from the Board Technological Transformation Committee (BTTC) and was appointed to the Board Risk Committee on 19 December 2024.

Leave of Absences were granted for all Directors who tendered apologies for Board and Board Committee meetings.

DIRECTORSHIP OF LISTED COMPANIES

None of the directors held a Directorship at listed companies in the 3 years immediately before the end of the financial year.

FORMER PARTNERS OF THE AUDIT FIRM

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

Transactions with key management personnel are disclosed in note 30.

SHARES UNDER OPTION, ISSUED OR GRANTED TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

No options over unissued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report. No shares have been issued as a result of the exercise of an option.

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

PRINCIPAL ACTIVITIES

The Bank is an Australian Public Company and member owned. The mutual company is limited by shares and guarantee, which is incorporated and domiciled in Australia. The Group's registered office and principal place of business is 25 Pelican Street, Surry Hills NSW 2010. Police Bank Limited is a Bank operating as an Authorised Deposit taking Institution (ADI) regulated by APRA in accordance with the Banking Act 1959.

The Group is a for-profit entity. The principal activities of the Bank during the year were the provision of retail financial services to members in the form of taking deposits and granting loans or other financial services as prescribed by the Constitution. No significant changes in these activities occurred during the year.

DIRECTORS' REPORT

POLICE BANK LIMITED AND ITS CONTROLLED ENTITIES
ABN 95 087 650 799
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

CHANGES IN STATE OF AFFAIRS

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

ENVIRONMENTAL REGULATION

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

REGULATORY DISCLOSURES

Police Bank Limited is exempt from disclosure as a non-significant financial institution under the Australian Prudential Standard (APS) 330 - Public Disclosure.

REVIEW OF OPERATIONS

The Group Net Profit After Tax (NPAT) was \$4.5 million for the year ended 30 June 2025 (FY24: \$9.2 million). Group NPAT is \$4.7 million lower relatively year on year. However, excluding the investment of \$10.1 million (\$14.4 million before tax) in transformational initiatives during the year, the underlying Group NPAT was \$14.6 million (FY24: \$16.4 million), a decrease of \$1.8 million from prior year.

The investment in the transformational initiatives included investment in systems and additional staff employed to support the transformational program.

A reconciliation of statutory Group NPAT, as presented in the financial statements, to underlying adjusted Group NPAT, as a non-Generally Accepted Accounting Principles, is as follows:

RECONCILIATION OF NON-GAAP EARNINGS	2025	2024
	\$M	\$M
Net Profit After Tax	4.5	9.2
Add-back		
Transformation expenses (after tax)	10.1	7.2
Underlying Net Profit After Tax	14.6	16.4

SUBSIDIARIES

Chelsea Wealth Management Pty Limited is a wholly owned subsidiary. The Group is also a 100% beneficiary of the PB Trust 2022-1R (the Trust). The PCU-2009-1 Trust was deregistered on 13 November 2024. Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Refer to note 15 for more information.

DIVIDENDS

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2024: \$nil).

CAPITAL ADEQUACY

As a mutual financial institution, the Group uses retained earnings as the major source of its capital. Therefore, maintenance of adequate capital over time depends on balancing profit after tax with growth in risk-weighted assets. The capital adequacy ratio at 30 June 2025 was 22.62% (FY24: 23.33%). This remains significantly above the minimum level required to be maintained as determined by the Board's risk appetite and Australian Prudential Regulation Authority (APRA) Prudential Standards.

COMPANY SECRETARY

Jade Cook was appointed as Company Secretary of the Bank on 14 December 2022. Jade is an experienced Company Secretary and corporate governance professional who works for external service provider, Source Governance. Jade holds various qualifications including a Bachelor of Arts (Business Management) and Master of Science (Corporate Governance). Jade is a member of the Governance Institute of Australia and the Chartered Governance Institute UK & Ireland.

GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

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

PROCEEDINGS ON BEHALF OF THE GROUP

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included after this report on page 33.

ROUNDING-OFF OF AMOUNTS

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

DIRECTORS' REPORT

POLICE BANK LIMITED AND ITS CONTROLLED ENTITIES
ABN 95 087 650 799
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

DECLARATION

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



On behalf of the directors

Peter Remfrey
Director, Chair
Sydney, 28 October 2025

Robert Redfern
Director, Deputy Chair
Sydney, 28 October 2025

28 October 2025

The Directors
Police Bank Limited
25 Pelican Street, Surry Hills,
NSW, 2010

Dear Board Members

Auditor's Independence Declaration to Police Bank Limited

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

As lead audit partner for the audit of the financial report of Police Bank Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Tom Bottomley-Mason
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	note	GROUP		BANK	
		2025	2024	2025	2024
		\$M	\$M	\$M	\$M
Income					
Interest income	2	141.2	129.8	141.1	129.7
Interest expense	3	(72.1)	(63.7)	(72.0)	(63.7)
Net interest income		69.1	66.1	69.1	66.0
Non-interest income	4	7.4	8.4	4.9	5.8
Total income		76.5	74.5	74.0	71.8
Expected credit loss, net of recoveries	5	0.1	(1.2)	0.1	(1.2)
Expenditure					
Employment expenses	6	(31.7)	(29.2)	(30.1)	(27.6)
Operating expenses	7	(38.5)	(30.0)	(38.0)	(29.5)
Depreciation	8	(1.1)	(1.3)	(1.1)	(1.3)
Total expenditure		(71.3)	(60.5)	(69.2)	(58.4)
Profit before income tax		5.3	12.8	4.9	12.2
Income tax expense	9	(0.8)	(3.6)	(0.7)	(3.5)
Profit after income tax		4.5	9.2	4.2	8.7
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Realised gain on equity investment designated as fair value through other comprehensive income, net of tax	13	4.9	-	4.9	-
Movement in asset revaluation reserve, net of tax	25	-	(0.3)	-	(0.3)
Movement in equity investment revaluation reserve, net of tax	25	1.8	0.5	1.8	0.5
Movement in general reserve, net of tax	25	0.1	-	0.1	-
Items that may be reclassified subsequently to profit or loss:					
Movement in cash flow hedge reserve, net of tax	25	1.0	0.8	1.0	0.8
		7.8	1.0	7.8	1.0
Total other comprehensive income/(loss)					
Total other comprehensive income for the year from continuing operations		12.3	10.2	12.0	9.7

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to and forming part of the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		GROUP		BANK	
	note	2025	2024	2025	2024
		\$M	\$M	\$M	\$M
Assets					
Cash and cash equivalents	10	65.2	80.5	27.7	35.1
Trade and other receivables	11	6.7	4.7	6.5	4.5
Investment securities	12	445.0	421.7	445.0	421.7
Equity investment	13	9.8	9.2	9.8	9.2
Loans and advances	14	2,226.9	2,033.2	2,226.9	2,033.2
Current tax receivable	9	-	0.4	-	0.5
Net deferred tax assets	9	5.7	4.4	5.6	4.3
Investment in subsidiaries	15	-	-	40.3	48.4
Property and equipment	16	17.0	17.3	17.0	17.3
Right-of-use assets	17	1.1	1.6	1.0	1.5
Other assets	18	2.3	2.0	2.3	1.9
Total assets		2,779.7	2,575.0	2,782.1	2,577.6
Liabilities					
Deposits	19	2,094.6	1,958.7	2,094.6	1,958.7
Borrowings	20	407.9	362.4	407.9	362.4
Trade and other payables	21	20.8	14.4	20.7	14.2
Current tax liabilities	9	2.7	-	2.7	-
Derivative liabilities	24	0.2	1.6	0.2	1.6
Provisions	22	10.2	6.5	10.0	6.3
Lease liabilities	23	1.1	1.5	1.0	1.4
Total liabilities		2,537.5	2,345.1	2,537.1	2,344.6
Net assets					
		242.2	229.9	245.0	233.0
Equity					
Reserves	25	60.9	58.0	62.0	59.1
Retained earnings		181.3	171.9	183.0	173.9
Total equity		242.2	229.9	245.0	233.0

The above consolidated Statement of Financial Position should be read in conjunction with the notes to and forming part of the financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

GROUP		RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
	note	\$M	\$M	\$M	\$M	\$M
At 1 July 2023		58.1	162.7	220.8	0.2	221.0
Profit for the year		-	9.2	9.2	-	9.2
Other comprehensive loss	25	1.0	-	1.0	-	1.0
Total comprehensive income		1.0	9.2	10.2	-	10.2
Purchase of additional shares from non-controlling interest	25	(1.1)	-	(1.1)	(0.2)	(1.3)
At 30 June 2024		58.0	171.9	229.9	-	229.9
At 1 July 2024		58.0	171.9	229.9	-	229.9
Profit for the year		-	4.5	4.5	-	4.5
Other comprehensive income	25	2.9	4.9	7.8	-	7.8
Total comprehensive income		2.9	9.4	12.3	-	12.3
At 30 June 2025		60.9	181.3	242.2	-	242.2
BANK						
	note	\$M	\$M	\$M	\$M	\$M
At 1 July 2023		58.1	165.2	223.3	-	223.3
Profit for the year		-	8.7	8.7	-	8.7
Other comprehensive income	25	1.0	-	1.0	-	1.0
Total comprehensive income		1.0	8.7	9.7	-	9.7
At 30 June 2024		59.1	173.9	233.0	-	233.0
At 1 July 2024		59.1	173.9	233.0	-	233.0
Profit for the year		-	4.2	4.2	-	4.2
Other comprehensive income	25	2.9	4.9	7.8	-	7.8
Total comprehensive income		2.9	9.1	12.0	-	12.0
At 30 June 2025		62.0	183.0	245.0	-	245.0

The above consolidated Statement of Changes in Equity should be read in conjunction with the notes to and forming part of the financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

		GROUP		BANK	
	note	2025	2024	2025	2024
		\$M	\$M	\$M	\$M
Cash flows from operating activities					
Interest received		140.0	128.5	139.9	128.4
Other income received		6.8	7.9	4.3	5.3
Interest paid		(71.7)	(60.1)	(71.7)	(60.1)
Payments to suppliers and employees		(60.1)	(56.4)	(58.0)	(54.6)
Income tax paid		(1.8)	(8.1)	(1.6)	(8.0)
Cash flows from operating activities before changes in operating assets and liabilities		13.2	11.8	12.9	11.0
Net movement in gross loans and advances		(193.4)	(57.4)	(193.6)	(57.4)
Net movement in deposits		134.8	20.5	135.1	20.5
Net cash outflow from operating activities	33	(45.4)	(25.1)	(45.6)	(25.9)
Cash flows from investing activities					
Movement in investment securities					
Redemption of investment securities		418.0	151.6	418.0	151.6
Purchase of investment securities		(440.6)	(106.0)	(440.6)	(106.0)
Proceeds from Cuscal Limited shares sold	13	8.2	-	8.2	-
Dividends received	4	0.6	0.5	0.6	0.5
Payment for additional investment in Chelsea Wealth Management		-	(1.3)	-	(1.3)
Payments for property and equipment	16	-	(0.3)	-	(0.3)
Net cash (outflow) / inflow from investing activities		(13.8)	44.5	(13.8)	44.5
Cash flows from financing activities					
Restricted cash inflow to securitised trust		-	-	8.1	4.3
Net increase / (decrease) in borrowings advanced		44.5	(11.6)	44.5	(11.6)
Repayment of lease liabilities	23	(0.6)	(0.7)	(0.6)	(0.7)
Net cash inflow / (outflow) from financing activities		43.9	(12.3)	52.0	(8.0)
Net (decrease) / increase in cash and cash equivalents		(15.3)	7.1	(7.4)	10.6
Cash and cash equivalents at the beginning of the year		80.5	73.4	35.1	24.5
Cash and cash equivalents at the end of the year	10	65.2	80.5	27.7	35.1

The above consolidated Statement of Cash Flows should be read in conjunction with the notes to and forming part of the financial report.

1.0 Material accounting policies

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

1.1 Corporate information

Police Bank Limited ("the Bank") and its Controlled Entities ("the Group") is a reporting entity. The Group is a for-profit disclosing entity for the purpose of preparing financial statements. The Bank is a member owned mutual Australian Public Company, limited by shares and guarantee, which is incorporated and domiciled in Australia. The Group's registered office, address, and principal place of business is 25 Pelican Street, Surry Hills, NSW, 2010.

The nature of the operations and principal activities of the Group during the year were the provision of retail financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the Constitution.

No significant changes in these activities occurred during the financial year.

1.2 Basis of preparation

(I) HISTORICAL COSTS CONVENTION

The consolidated financial statements have been prepared on a historical cost basis, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(II) STATEMENT OF COMPLIANCE

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

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

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

(III) PRESENTATION FORMAT

The consolidated Statement of Financial Position has been prepared in order of liquidity.

(IV) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(V) ROUNDING-OFF OF AMOUNTS

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

(VI) GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

1.0 Material accounting policies (continued)

1.3 Basis of consolidation

(I) CONSOLIDATION

The Group consists of Police Bank Limited as the ultimate parent entity and its Controlled Entities. The Group's consolidated financial statements incorporate the financial statements of the Bank and its Controlled Entities (its subsidiaries). Control is achieved where the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and can affect those returns through its power over the subsidiary.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(II) SUBSIDIARIES

The key subsidiary of the Group is Chelsea Wealth Management which is wholly owned. The investment meets the definition of control prescribed above.

The Group is also a 100% beneficiary of the PB Trust 2022-1R (the Trust). Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

(III) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation. Refer to note 15 for more details.

1.4 Securitisation

(I) SECURITISATION

Securitisation is the process of taking an illiquid asset, or group of assets, such as home loans, and transforming them into a liquid security. Details of each of the securitisations entered into by the Group are summarised in note 15.

The Group maintains a securitisation trust, the PB Trust 2022-1R (the Trust), that issues notes that meet the Reserve Bank of Australia's (RBA's) criteria for borrowing funds through the RBA's Exceptional Liquidity Assistance.

The Group holds all notes issued by the Trust, manages the loans, and retains all residual benefits and costs of the portfolio. As the Trust meets the definition of a controlled entity and Police Bank Limited has not transferred substantially all of the risks and rewards to the Trust, the assigned loans are not derecognised in the financial statements of Police Bank Limited. The Group did not participate in securitisation other than internal securitisation.

Value of loans which do not qualify for derecognition at 30 June 2025 was \$439.2 million (2024: \$430.5 million). The value of restricted cash in the Trust as at 30 June 2025 was \$35.3 million (2024: \$43.4 million).

(II) TRUST CONSOLIDATION

The PB Trust 2022-1R (the Trust) holds rights to a portfolio of mortgage secured loans to enable the Bank to secure funds from the Reserve Bank of Australia if required to meet emergency liquidity requirements.

The Group continues to manage these loans and receives all residual benefits from the Trust and bears all losses should they arise. Accordingly, the Trust meets the definition of a controlled entity. Refer to note 15, for more details.

1.0 Material accounting policies (continued)

1.5 New & revised Australian Accounting Standards and Interpretations

(I) NEW ACCOUNTING STANDARDS AND AMENDMENTS THAT ARE EFFECTIVE IN THE CURRENT FINANCIAL YEAR

In the current year, the group has applied the following Accounting Standard issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024:

- AASB 101 Classification of liabilities as current or non-current, including non-current liabilities with covenants (AASB 2020-1, AASB 2020-6 and AASB 2022-6)

The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(II) NEW & REVISED AUSTRALIAN ACCOUNTING STANDARDS AND INTERPRETATIONS ON ISSUE BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period are set out below and have not been early adopted by the Group.

AASB 18 was issued in April 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the Statement of Profit or Loss, including:

- new categories for the classification of income and expenses into operating, investing, and financing categories, and
- presentation of subtotals for “operating profit” and “profit before financing and income taxes”.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the new standard.

AASB 9/AASB 7 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments (AASB 2024-2). The amendments will be effective for the Group from 1 July 2026 and will therefore be initially applied in the financial year ending 30 June 2027. The amendments to AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures introduces the following changes:

- Allowing derecognition of financial liabilities settled using an electronic payment system before the settlement date provided certain criteria are met. The amendments do not extend this exception to derecognition of financial assets settled via an electronic transfer, as it was clarified that financial assets are derecognised only when contractual rights to the cash flows from the financial assets expire, which is when cash is received.
- Clarifying how contractual cash flows characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed for the purpose of classification of the financial assets.
- Amending disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adding disclosure requirements for financial instruments with contractual terms that could change the timing or amount of contractual cash flows on contingent events.

AASB 7/AASB 9/AASB 10/AASB 107 Annual improvements Volume 11 (AASB 2024-3). The amendments will be effective for the Group from 1 July 2026 and will therefore be initially applied in the financial year ending 30 June 2027. These annual improvements are sufficiently minor or narrow in scope and are limited to changes that either clarify the wording in an AASB Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements of the standards.

1.0 Material accounting policies (continued)

1.5 New & revised Australian Accounting Standards and Interpretations (continued)

(II) NEW & REVISED AUSTRALIAN ACCOUNTING STANDARDS AND INTERPRETATIONS ON ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

Other changes

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

STANDARD/ INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	1 July 2027	30 June 2028

In 2023, the Australian Prudential Regulation Authority (APRA) released its final Prudential Practice Guide CPG 229 Climate Change Financial Risks (CPG229). The guide is designed to assist banks, insurers, and superannuation trustees to manage the financial risks of climate change. The guide imposes no new regulatory requirements or obligations but will instead assist APRA-regulated entities to manage climate related risks and opportunities within their existing risk management and governance practices.

The Group has considered the management of climate change risks with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, including aspects of governance, strategy, risk management, metrics, and disclosures. The Group's approach to this area of risk management will continue to evolve ahead of the first mandatory reporting date as required by the Australian Sustainability Reporting Standards (ASRS) issued by the Australian Accounting Standards Board for the annual reporting period ending 30 June 2028.

The Directors do not anticipate that the pronouncement and other changes will have a material impact on the Group but may change the disclosure of policies included in the financial statements, once effective.

1.6 Critical accounting judgements and estimates

(I) JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements which, by definition, will seldom equal the actual results. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, they believe to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent reporting periods are discussed below.

It also requires management to exercise its judgement in applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements, is disclosed in note 14 under expected credit losses on loans and advances.

(II) EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES

Whilst the methodology utilised in determining the Group's expected credit losses remains consistent with the prior period, there are a number of judgements and estimates made by management in relation to the underlying assumptions that are continuously reviewed and revised on a periodic basis which include, but are not limited to:

- Probability of default, loss given default and exposure at default estimates;
- Forward-looking macroeconomic conditions; and
- Macroeconomic scenario weightings and management overlays.

Further detail on the methodology and assumptions is provided in note 14.

1.0 Material accounting policies (continued)

1.6 Critical accounting judgements and estimates (continued)

(III) FAIR VALUE MEASUREMENT AND VALUATION PROCESSES

Land, equity instruments and derivatives are held at fair value through other comprehensive income (FVTOCI) for financial reporting purposes. The directors consider the impact of market movements on the carrying amount of the asset and where a material difference is likely a formal valuation is undertaken.

The directors either use market observable data, to the extent it is available, or engage independent valuers who use appropriate valuation techniques and unobservable inputs to arrive at fair value. Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed in the relevant notes.

1.7 Interest income

(I) RECOGNITION

Interest income is recognised, in the consolidated Statement of Profit or Loss and Other Comprehensive Income, as it accrues, using the effective interest rate method, in accordance with AASB 9 Financial instruments. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(III) INTEREST ON INVESTMENT SECURITIES

Interest revenue on loans and advances is calculated on the daily balance outstanding and is charged in arrears to a customer's account monthly.

(IV) INTEREST ON CASH AT BANK AND SHORT-TERM DEPOSITS

Cash at bank earns interest at variable rates based on daily bank and short-term deposit rates. Interest is recognised in the consolidated statements of profit and loss using the effective interest method.

(V) DEFERRED FEES

Loan origination fees including transaction costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability are recognised at inception and included in the carrying amounts. These fees and transaction costs are deferred over the expected life of the instrument according to the effective interest method. The effective interest method uses the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. This applies to all financial assets or liabilities except for those that are measured at fair value through profit or loss or fair value through other comprehensive income. Refer to note 2, for more details.

1.8 Interest expense

(I) DEPOSITS WITH MEMBERS, INCLUDING TERM DEPOSITS FROM MEMBERS AND FINANCIAL INSTITUTIONS

Interest payable on the deposits is calculated on the daily balance outstanding and is credited in arrears. Interest expense is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the effective interest rate method.

(II) LEASE LIABILITIES

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they relate. Refer to note 3, for more details.

1.0 Material accounting policies (continued)

1.9 Non-interest Income

(I) LOAN FEE INCOME

Loan fee income includes fees other than those that are integral to the lending arrangement whereby they are recognised as part of the effective interest rate method. Fee income primarily comprises of account transaction and monthly fees, processing fees, credit card fees and loan package and overdraft fees.

Fee income is either transaction based and therefore recognised when the performance obligation related to the transaction is fulfilled or related to performance obligations carried out over a period of time and therefore recognised on a systematic basis over the life of the agreement as the services are provided. Fee income is disaggregated where relevant to reflect the appropriate categories depending on the nature of the income and is recognised either over time or at a point in time where relevant.

(II) COMMISSION INCOME

Commission income, which comprises commission on insurance, BPAY, foreign cash and international transactions is recognised when the performance obligation is satisfied.

(III) DIVIDEND INCOME

Dividend income is recognised as income on the date the Group's right to receive payments is established.

(IV) RENT AND OTHER NON-INTEREST INCOME

Rent and other non-interest income are recognised as income when services are rendered. Refer to note 4 for more details.

(V) FINANCIAL ADVISORY FEE INCOME

Financial advisory fee income consists of three components:

Upfront financial advice fees

An upfront fee is charged to new clients for providing a statement of advice, as well as to existing clients when there are changes in their circumstances warranting a review or changes to a previous statement of advice provided. Upfront fees are recognised as revenue upon providing the statement of advice to clients.

Ongoing financial advice fees

The Group earns ongoing financial advice fees from the provision of financial advice in the form of a monthly retainer payable by a client to an adviser. Ongoing financial advice fees are charged to clients monthly in arrears and recognised as revenue.

Upfront and ongoing commissions

Upfront and ongoing commissions relate to the provision of personal insurance advice payable to the Group by the relevant insurance provider to whom the client pays an insurance premium to.

Upfront commissions are earned at inception of the insurance policy and recognised as revenue at that point in time. Ongoing commissions are recognised monthly whilst the insurance contract is in place between the client and their insurer.

1.10 Write-offs and recoveries

(I) IMPAIRMENT EXPENSES, NET OF RECOVERIES

When a financial asset is uncollectible, it is written off against the related ECL provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the consolidated statement of profit or loss. Refer to note 5 for more details.

1.11 Employment expenses and entitlements

(I) WAGES, SALARIES, ANNUAL LEAVE, AND SICK LEAVE

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related oncosts, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

1.0 Material accounting policies (continued)

1.11 Employment expenses and entitlements (continued)

(I) WAGES, SALARIES, ANNUAL LEAVE, AND SICK LEAVE (CONTINUED)

Provision for employee benefits to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the reporting date, calculated at discounted amounts based on expected wage and salary rates including related on-costs.

(II) SUPERANNUATION PLAN

The Group contributes on behalf of its employees to superannuation funds under normal conditions of employment, and in satisfaction of the requirements of the Superannuation Guarantee Scheme.

Contributions are expensed as they are incurred. For the year ended 30 June 2025, if an employee had not made another choice, the Group contributed to Australian Retirement Trust. The Group has no interest in this superannuation plan (other than as a contributor) and is not liable for either the performance or the obligations of the plan.

(III) ANNUAL LEAVE AND LONG SERVICE PROVISION

A provision is recognised in the consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation. Refer to note 6 and note 22, for more details.

1.12 Operating expenses

Operating expenses are recognised when the Group has incurred the liability for goods and services purchased and costs can be reliably measured. Refer to note 7 for more details.

1.13 Taxes

(I) RECOGNITION AND MEASUREMENT

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

(II) FRANKING CREDITS

Any franking credits held by the Group are after adjusting for franking credits that will arise from the payment of income tax at the end of the financial year.

(III) CURRENT TAXES

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

(IV) DEFERRED TAXES

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

(V) OFFSETTING

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

(VI) IMPAIRMENT OF DEFERRED TAXES

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date for impairment (recoverability) and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has performed an assessment and did not identify an impairment under AASB 112 Income taxes.

1.0 Material accounting policies (continued)

1.14 Goods and services tax (GST)

(I) RECOGNITION AND MEASUREMENT

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

Receivables and payables are stated inclusive of the amount of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated Statement of Financial Position.

Cash flows are included on a gross basis in the statement of cash flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(II) REDUCED INPUT TAX CREDITS

As a financial institution, the Group is input taxed on all income except for income from commissions and some fee income. An input taxed supply is not subject to goods and services tax (hereafter, GST) collection and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

1.15 Financial assets

(I) INITIAL RECOGNITION AND MEASUREMENT

Financial assets and liabilities are initially recognised on the date on which the Group becomes a party to the contractual provisions of the instrument, or, in the case of loans and advances, when funds are transferred to the members' account. At initial recognition, the Group measures a financial instrument at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument, such as fees and commissions. Transaction costs of financial instruments carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

(II) CLASSIFICATION OF FINANCIAL ASSETS

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

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

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, unless the financial asset has been designated as FVTPL. The details of these conditions are outlined below.

Financial assets with contractual terms that meet the SPPI test and that are held within a business model where the objective is to both collect contractual cashflows and sell the financial assets are measured at FVTOCI with subsequent reclassification to the Statement of Profit or Loss unless the financial asset has been designated as FVTPL. Non-traded equity instruments have been designated at FVTOCI with no subsequent reclassification to the consolidated Statement of Profit or Loss. All other assets are measured at FVTPL.

1.0 Material accounting policies (continued)

1.15 Financial assets (continued)

(III) BUSINESS MODEL ASSESSMENT

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

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

(IV) THE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST ('SPPI') TEST

The Group assesses financial assets to evaluate if their contractual cashflows are comprised of solely payments of principal and interest (the SPPI test). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' for the purpose of this test is defined as the consideration for the time value of money and credit risk, which are the most significant elements of interest within a lending arrangement. Principal amounts include repayments of lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding.

(V) RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COSTS

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 14. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets recognised and measured at amortised cost include:

- **Cash and cash equivalents:** Cash and cash equivalents include cash on hand at branches, unrestricted balances held with other financial institutions and highly liquid financial assets with original maturities of three months or less and are subject to an insignificant risk of changes in their fair value. These assets are generally used by the Group in managing its short-term commitments. Restricted cash is cash held in the PB Trust 2022-1R as collateral for the trust. Cash and cash equivalents are carried at amortised cost in the consolidated Statement of Financial Position. Cash at bank earns interest at variable rates based on daily bank and short-term deposit rates. Interest is recognised in the consolidated Statement of Profit or Loss using the effective interest method. Refer to note 10 for more information.
- **Trade and other receivables:** The trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. This is assumed to approximate their fair value due to their short-term nature. The Group holds these assets in order to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding. Refer to note 11 for more information.
- **Investments securities:** Subsequent to initial recognition, investment securities are carried at amortised cost using the effective interest method, as these are held to collect the contractual cash flows solely from payments of principal and interest. The investment securities are assessed for impairment under the expected credit loss impairment model. Refer to note 12 for more information.

1.0 Material accounting policies (continued)

1.15 Financial assets (continued)

(V) RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COSTS (CONTINUED)

- **Loans and advances:** Loans and other receivables are debt instruments recognised initially at fair value, which represent the cash advanced to the member plus direct and incremental transaction costs on settlement date, when funding is advanced to the member. Transaction costs which are direct and incremental to the establishment of the loan are initially deferred as part of the loan balance and are amortised over the estimated expected life of the loan. The unearned income on the Group's lending portfolio is brought to account over the life of the contracts. Loans are subsequently carried at amortised cost, which represents the gross carrying amount less allowances for credit losses. Impairment losses are recognised in accordance with the three-stage expected credit loss (ECL) impairment model. Interest on loans and advances is recognised using the effective interest method. The estimated future cash flows used in the calculation of the effective interest rate include those determined by the contractual term of the asset, and includes all fees, transaction costs and all other premiums or discounts. Refer to note 14.
- **Investment in subsidiaries:** The Group's investments in controlled entities are stated at cost. Refer to note 15.

(VI) RECOGNITION AND MEASUREMENT OF ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A financial asset will be measured at fair value through other comprehensive income if:

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

These assets are initially recognised at fair value including directly attributable transaction costs. Subsequent measurement is at fair value with any revaluation gains or losses being included in

other comprehensive income. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the consolidated Statement of Profit or Loss and Other Comprehensive Income.

The following financial assets are classified at fair value through other comprehensive income:

- **Equity investments:** On adoption of AASB 9, the Group made an irrevocable election for its investment in Cuscal shares to be measured at fair value through other comprehensive income (FVTOCI). This investment is initially measured at fair value, including directly attributable transaction costs. Subsequent measurement is at fair value with any changes in fair value recognised equity and in other comprehensive income and are not transferred to the profit or loss. When equity investments are de-recognised, the cumulative gain or loss in equity is transferred from equity to the Group's retained earnings. Fair value is determined using 'Level 1' inputs (FY24: a range of 'Level 3' inputs), as set out in note 28, fair values. Dividends from equity instruments continue to be recorded as non-interest income within the profit or loss unless the dividend clearly represents a return of capital. Refer to note 13 and note 4, for more details.

(VII) FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets that are not measured at amortised cost or FVTOCI are measured at FVTPL. Equity financial assets are measured at FVTPL unless the Group irrevocably elects to present subsequent changes in the fair value in OCI. This election is made on an individual instrument basis and upon realisation of the equity instrument, the fair value gain or loss is transferred from a reserve account directly to retained earnings. The Group has made this election for its equity instruments. Refer to note 25 reserves for more details.

(VIII) OFFSETTING

Financial assets and liabilities are offset and the net amount presented in the consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.0 Material accounting policies (continued)

1.15 Financial assets (continued)

(IX) SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under an agreement to repurchase with the Reserve Bank of Australia are not derecognised from the consolidated Statement of Financial Position and an associated liability is recognised for the consideration received. Refer to note 20 for information.

(X) MODIFICATIONS

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the renegotiated loan is substantially different from the existing financial instrument. When the modification does not result in derecognition, a gain or loss is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income as the difference between the financial instrument's original contractual cash flows and the modified cash flows discounted at the original effective interest rate. Where the modification results in derecognition, a newly recognised financial asset is assessed to determine whether it is required to be classified as purchased or originated credit-impaired financial assets.

(XI) DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

1.16 Allowance for expected credit losses

(I) RECOGNITION AND MEASUREMENT

The Group applies a three-stage approach to measure the allowance for expected credit losses for the following categories of financial assets that are not measured at FVTPL:

- Financial assets at amortised cost;
- Equity instruments at fair value through other comprehensive income;
- Off-Statement of Financial Position loan commitments; and
- Financial guarantee contracts.

(II) EXPECTED CREDIT LOSS MODEL

This model measures credit loss allowances using a three-stage approach (Stage 1, Stage 2 and Stage 3) based on the extent of credit deterioration since origination. Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively, whilst those in Stage 3 are subjected to either a collective or individual impairment assessment. The Group's allowance for credit losses calculations are outputs of credit risk models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial asset depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple economic scenarios based on reasonable and supportable forecasts.

1.0 Material accounting policies (continued)

1.16 Allowance for expected credit losses (continued)

(II) EXPECTED CREDIT LOSS MODEL (CONTINUED)

STAGE	RECOGNITION AND MEASUREMENT BASIS	CRITERIA
Stage 1	Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial asset, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.	All balance plus 1-29 days past due
Stage 2	When a financial asset experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial asset.	30 to less than 89 days past due
Stage 3	Financial assets that are considered to be in default, including loans with hardship arrangements, are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.	90 or more days past due

(III) TRANSFER BETWEEN STAGES

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

(IV) INTEREST INCOME BETWEEN STAGES

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

(V) EXPECTED LIFE

When measuring expected credit loss, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options. For certain revolving credit facilities, such as credit cards, the expected life is estimated based on the period over which the Group is exposed to credit risk and how the credit losses are mitigated by management actions.

(VI) DEFINITION OF DEFAULT

The definition of default used in measuring expected credit losses is aligned to the definition used for internal credit risk management and regulatory purposes. The Group considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- Significant financial difficulty of the member;
- Default or delinquency in interest or principal payments;
- High probability of the borrower entering a phase of bankruptcy or a financial reorganisation;
- Measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The Group considers that default has occurred when a financial asset is more than 90 days past due, unless reasonable and supportable information demonstrates that a more lagging default criterion is appropriate. Impairment is recognised when it is determined that all principal and interest due are unlikely to actually be fully recovered.

1.0 Material accounting policies (continued)

1.16 Allowance for expected credit losses (continued)

(VII) WRITE-OFF POLICY

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

(VIII) CALCULATION OF KEY INPUTS TO THE EXPECTED CREDIT LOSSES

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

INPUT	DETAILS OF THE STATISTICAL PARAMETER
PD	For accounting purposes, the 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the Statement of Financial Position date. For home loans, PD is calculated using a roll rate model incorporating historical movements of accounts between arrears buckets over the observation period. For all other portfolio segments, PD is calculated based on a historical assessment.
LGD	Is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan to Value Ratios (LVR) are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices.
EAD	Represents the expected exposure at default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

1.0 Material accounting policies (continued)

1.16 Allowance for expected credit losses (continued)

(IX) ASSESSMENT OF SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

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

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

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

The Group uses an internal rating system for its exposures. All exposures have a rating assigned that reflects the probability of default of the member. SICR is evaluated based on the movement in the ratings of members. For example, a downgrade in the internal rating since origination will trigger a transfer to Stage 2.

The thresholds used for PD migration are reviewed and assessed at least annually unless there is a significant change in credit risk management practices in which case the review is brought forward.

(X) FORWARD-LOOKING INFORMATION

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

INPUT	DETAILS OF THE STATISTICAL PARAMETER
Multiple forward-looking scenarios	ECLs are calculated by reference to information on past events, current conditions, and forecasts of future economic conditions. Multiple economic scenarios are incorporated into ECL calculation models. These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. To capture any non-linear relationship between economic assumptions and credit losses, three scenarios are used. This includes a central base scenario which reflects the Group's view of the most likely future economic conditions, together with an upside and a downside scenario representing alternative plausible views of economic conditions, weighted based on management's view of their probability.
Forward-looking Macro-economic factors	In its models, the Group relies on a broad range of forward-looking economic information as inputs, such as; Economic data published by the Australian Bureau of Statistics, including Gross Domestic Product (GDP) growth, unemployment rates, Consumer Price Index (CPI). Forecasts published by the Reserve Bank of Australia, including interest (cash) rate and other external sources such as QBE, CoreLogic, Refinitiv (previously Thomson Reuters) for housing prices and outlooks.
Management overlays	Due to the significant uncertainty in the forward-looking economic environment, the Group has incorporated a management overlay in its models, to reflect the potential losses that may not be fully captured within the model methodology. Overlays are determined based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement. Overlays are subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments. Management focused the overlay provision on the following sections of the loan book: • Home loans with LVR's between 70% to 80% and no LMI insurance; • Home loans with LVR >80% and no LMI insurance; • Home loans currently on fixed interest rates that will revert to variable interest rates; • Home loan hardship accounts; and • All other loan hardship accounts.

Refer to note 14, for more details.

1.0 Material accounting policies (continued)

1.17 Property and equipment

(I) RECOGNITION AND MEASUREMENT

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

Land is shown at revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluations increases / decreases arising on the revaluation of land is recognised in other comprehensive income and accumulated within asset revaluation reserve.

(II) USEFUL LIVES

All assets have limited useful lives and are depreciated through the Consolidated Statement of Profit or Loss and Other Comprehensive Income using the straight-line method over their estimated useful lives. The estimated useful lives are between 2.7 and 40 years.

(III) DEPRECIATION RATES

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

CLASS OF ASSET	2025	2024	DEPRECIATION BASIS
Land	–	–	–
Buildings	2.5% to 18.75%	2.5% to 18.75%	Straight line
Equipment	2.5% to 37.5%	2.5% to 37.5%	Straight line
Leasehold improvements	2.5% to 37.5%	2.5% to 37.5%	Straight line

Land is an indefinite life asset and is not depreciated. Refer to note 8, for more details.

(IV) IMPAIRMENT OF PROPERTY AND EQUIPMENT

Per AASB 136 Impairment of Assets, property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. The cash generating unit is defined as Police Bank, as cash inflows from this cash generating unit are dependent on the Group's total assets to generate these cash inflows for its banking business. A recoverable amount assessment has been undertaken to confirm that the carrying value of assets exceed their recoverable amount as at the end of the reporting year.

For financial year ended 30 June 2025, no impairment indicators were noted (2024: none). Refer to note 16, for more details.

(V) GAINS OR LOSSES ARISING ON THE DISPOSAL OF PROPERTY AND EQUIPMENT

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

1.0 Material accounting policies (continued)

1.18 Right-of-use assets

(I) RECOGNITION AND MEASUREMENT

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

(II) LEASE TERM

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

(III) SHORT TERM LEASES AND LOW-VALUE ASSETS

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

(IV) USEFUL LIVES

The expected useful life of right-of-use assets are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually. The estimated useful lives are between 3 and 8 years.

(V) DEPRECIATION

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

CLASS OF ASSET	2025	2024	DEPRECIATION BASIS
Right-of-use assets – Property	12.5% to 33.3%	12.5% to 33.3%	Straight line
Right-of-use assets – Vehicles	25% to 33.3%	25% to 33.3%	Straight line

Refer to note 8, for more details.

(VI) IMPAIRMENT OF RIGHT-OF-ASSETS

Under AASB 16 Right-of-use assets, the assets are tested for impairment in accordance with AASB 136 Impairment of Assets. This replaces the requirement to recognise a provision for onerous contracts.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded there is no indication the right-of-use assets are impaired (2024: Nil).

Refer to note 17, for more details.

1.0 Material accounting policies (continued)

1.19 Software-as-a-service (SaaS)

(I) PREPAID SOFTWARE-AS-A-SERVICE (SAAS)

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

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

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

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset, are recognised as intangible software assets. As at 30 June 2025 the Group had \$nil intangible assets (2024: \$nil).

(II) JUDGEMENTS IN DETERMINING WHETHER CONFIGURATION AND CUSTOMISATION SERVICES ARE DISTINCT FROM THE SAAS ACCESS

Implementation costs, including costs to configure or customise the cloud provider's application software, are recognised as operating expenses when the services are received. Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software.

- Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront); and
- Non-distinct configuration and customisation costs are expensed over the SaaS contract term. Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

(III) JUDGEMENTS IN CAPITALISATION OF CONFIGURATION AND CUSTOMISATION COSTS IN SAAS ARRANGEMENTS

In implementing SaaS arrangements, the Group has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application. Judgement is applied in determining whether the change to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 Intangible Assets. During the financial year, the Group recognised \$nil (2024: \$nil) as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

1.20 Other assets

Other assets contain prepayment and security deposits. The other assets are stated at their amortised cost. Refer to note 18, for more details.

1.21 Financial liabilities

(I) CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

The Group initially recognise deposits, borrowings and trade and other payables, on the date on which they are originated. All other financial liabilities are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instruments. A financial liability is measured initially at fair value and, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. The Group classifies its financial liabilities, other than loan commitments, as measured at amortised cost or fair value through profit or loss.

(II) DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities recognised and measured at amortised cost include:

- **Deposits:** Deposits comprise negotiable certificates of deposit, term deposits, saving deposits, and other demand deposits, securities sold under agreements to repurchase, unsecured guaranteed notes and secured borrowings. Deposits are recognised at

1.0 Material accounting policies (continued)

1.21 Financial liabilities (continued)

inception at fair value plus directly attributable transaction costs and subsequently at amortised cost. Interest and yield related fees are recognised in the profit or loss based upon the effective interest rate method. Interest payable on (term) deposits are calculated on the daily balance outstanding and is credited in arrears. Refer to note 19.

- **Borrowings:** The term funding facility is initially recognised at fair value less directly attributable transaction costs. The funding is subsequently measured at amortised cost using the effective interest method with any difference between the costs and redemption value recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Bank overdrafts are shown within borrowings. Refer to note 20.
- **Repurchase securities:** securities sold under an agreement to repurchase with the Reserve Bank of Australia or major banks are not derecognised from the Consolidated Statement of Financial Position and an associated liability is recognised for the consideration received. Refer to note 20.
- **Trade and other payables:** Trade creditors and accruals represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms. Refer to note 21, for more details.
- **Provisions:** A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation. The provision for make good costs represents the present value of the estimated future cash outflows to be made by the Group arising from its obligations as a lessee should the relevant lease not be renewed. The provision is calculated using estimated

costs required to return leased premises to the condition in which they were initially provided, by using the Group's cost of capital as at reporting date. The expected timing of the outflows is dependent upon whether the relevant lease is renewed. Refer to note 22.

1.22 Lease liabilities

(I) RECOGNITION AND MEASUREMENT

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

(II) INCREMENTAL BORROWING RATE

The incremental borrowing rate is calculated by interpolating or extrapolating primary and secondary market yields on the Bank's domestic senior unsecured debt issuance (Negotiable Certificates of Deposit and Medium-Term Notes) for a term equivalent to the lease. If there are no issuances that mature within a reasonable proximity of the lease term, indicative pricing of where the Bank can price a new senior unsecured debt issuance for a comparative term will be used in the calculation. The Group has not entered into any new leases during the financial year. Refer to note 23, for more details.

1.0 Material accounting policies (continued)

1.23 Reserves

(I) GENERAL RESERVE

The general reserve is a reserve created by the Board in accordance with the Constitution into which the Board may allocate funds. At the Board's discretion the funds in the general reserve may be used for the business of the Group subject that the funds must not be distributed to Members except upon the winding up of the Group.

(II) REDEEMED MEMBER SHARE RESERVE

The redeemed Member share reserve represents the value of redeemable preference shares redeemed since 1 July 1999. This is the value of these shares paid to Members and the balance of the account represents the amount of profit appropriated to the account. Share redemptions must be funded from profits.

(III) ASSET REVALUATION RESERVE

The fair value reserve includes the cumulative net change in fair value of land, net of applicable income tax.

(IV) EQUITY INVESTMENT REVALUATION RESERVE

The fair value reserve includes the cumulative net change in fair value of the investment in Cuscal shares until the investment is derecognised or impaired, net of applicable income tax.

(V) BUSINESS COMBINATION RESERVE

Mergers with other mutual entities are accounted for by recognising the identifiable assets and liabilities of the transferred entity on the Statement of Financial Position at their fair value at the date of the merger. The excess of the fair value of the assets taken up over liabilities assumed is taken directly to equity as a reserve.

(VI) CASH FLOW HEDGE RESERVE

Derivative financial instruments are contracts, set between two or more parties, that derive their value from an underlying price, index, or other variable, and include instruments such as interest rate swaps. All derivatives are recognised initially on the Consolidated Statement of Financial Position at fair value and are subsequently measured at fair value through profit or loss, except where they are designated as a part of an effective hedge

relationship and classified as hedging derivatives. Derivatives are presented as either assets or liabilities depending on fair value.

At inception of all hedge relationships the Group documents the relationship between the hedging instrument and hedged item, the risk being hedged, the Group's risk management objective and strategy and how effectiveness will be measured throughout the hedge relationship.

The Group has designated derivatives held as effective cash flow hedges with changes in the fair value recognised in the cash flow hedge reserve within equity. Amounts accumulated in the cash flow hedge reserve are transferred to the Consolidated Statement of Profit or Loss in the event the instrument expires, is sold or otherwise when hedging criteria are no longer met. The portion of the hedge that is deemed ineffective is recognised in the statement of profit or loss as the ineffectiveness arises. Refer to note 24, for more details.

1.24 Retained earnings

Represents the balance of accumulated profit or losses, attributable to equity holders of the Group, at the beginning of the financial reporting period and at the reporting date, and the changes during the period. Refer to statement of changes in equity, for more details.

1.25 Non-controlling interest

The Group recognised non-controlling interest in Chelsea Wealth Management Pty Limited until 21 July 2023 at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position respectively.

1.26 Comparatives

Where necessary, immaterial comparative information has been reclassified and repositioned for consistency with current year disclosures.

2. Interest income

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Loans and advances	115.2	102.8	115.2	102.8
Investment securities	21.1	22.4	21.1	22.4
Credit cards	0.9	1.0	0.9	1.0
Overdrafts	0.6	0.6	0.6	0.6
Cash at bank	3.4	3.0	3.3	2.9
Total interest income	141.2	129.8	141.1	129.7

3. Interest expense

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Member deposits	19.8	16.9	19.8	16.9
Term deposits from members	31.4	26.7	31.4	26.7
Wholesale funding	19.9	19.0	19.9	19.0
Interest rate swaps	0.9	1.0	0.9	1.0
Lease liabilities	0.1	0.1	-	0.1
Total interest expense	72.1	63.7	72.0	63.7

4. Non-interest income

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Loan fee income	3.2	3.3	3.2	3.3
Financial advisory fee income	2.5	2.6	-	-
Commission income	1.0	1.9	1.0	1.9
Dividend income	0.6	0.5	0.6	0.5
Rent income	0.1	0.1	0.1	0.1
Total non-interest income	7.4	8.4	4.9	5.8

5. Expected credit loss, net of recoveries

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Expected credit loss provision (reversal) / charge	(0.4)	1.1	(0.4)	1.1
Bad debts written off	0.3	0.2	0.3	0.2
Bad debts recovered	-	(0.1)	-	(0.1)
Total expected credit loss, net of recoveries	(0.1)	1.2	(0.1)	1.2

6. Employment expenses

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Salary and salary related expenses	25.6	22.8	24.3	21.5
Payroll tax and superannuation expenses	4.1	4.2	3.8	4.0
Board and committee related expenses	0.9	0.9	0.9	0.9
Other employment expenses	1.1	1.3	1.1	1.2
Total employment expenses	31.7	29.2	30.1	27.6

7. Operating expenses

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Transaction fee expenses	7.7	6.6	7.7	6.6
Transformation, IT and professional fees	23.4	17.4	23.3	17.2
Marketing expenses	2.9	1.9	2.9	1.8
General administration, occupancy and other operating expenses	4.5	4.1	4.1	3.9
Total operating expenses	38.5	30.0	38.0	29.5

8. Depreciation

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Buildings	0.4	0.4	0.4	0.4
Equipment	0.1	0.2	0.1	0.2
Right-of-use property assets	0.6	0.7	0.6	0.7
Right-of-use motor vehicle assets	-	-	-	-
Total depreciation	1.1	1.3	1.1	1.3

9. Taxes

(I) INCOME TAX EXPENSES

Numerical reconciliation of income tax expense to profit before tax

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Profit before income tax	5.3	12.8	4.9	12.2
Income tax at 30% (2024: 30%)	1.6	3.8	1.5	3.7
Prior year adjustments	(0.8)	(0.1)	(0.8)	(0.1)
Non-deductible expenses	0.1	-	0.1	-
Rebate on fully franked dividends	(0.1)	(0.1)	(0.1)	(0.1)
Income tax expense	0.8	3.6	0.7	3.5
Income tax expense comprises:				
Current income tax expense	2.8	6.0	2.7	5.8
Increase in deferred tax assets	(2.2)	(2.2)	(2.2)	(2.1)
Increase / (decrease) in deferred tax liabilities	0.2	(0.2)	0.2	(0.2)
Income tax expense recognised in profit or loss	0.8	3.6	0.7	3.5

9. Taxes (continued)

(II) CURRENT TAX ASSETS AND LIABILITIES

The asset / liability represents the amount of income tax receivable / payable in respect of current and prior financial year due to the relevant tax authority.

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Current tax (payable) / receivable	(2.7)	0.4	(2.7)	0.5

(III) DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets balance is comprised of temporary differences attributable to:

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Provision for expected credit loss	2.7	2.8	2.7	2.8
Provision for employee entitlements	1.4	0.7	1.3	0.7
Derivative liabilities	0.1	0.5	0.1	0.5
Accrued expenses	4.8	1.0	4.8	1.0
Software implementation expense*	1.3	3.0	1.3	3.0
Other	0.3	0.9	0.3	0.8
Total deferred tax assets	10.6	8.9	10.5	8.8
Set-off of deferred tax liabilities	(4.9)	(4.5)	(4.9)	(4.5)
Net deferred tax assets	5.7	4.4	5.6	4.3

* Software implementation expense relate to implementation costs incurred on the new core banking system, which are claimed over 5 years for tax purposes.

The deferred tax liabilities balance is comprised of temporary differences attributable to:

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Property, plant and equipment	1.9	1.7	1.9	1.7
Equity investment at fair value	2.9	2.8	2.9	2.8
Other	0.1	-	0.1	-
Total deferred tax liabilities	4.9	4.5	4.9	4.5
Set-off deferred tax liabilities against deferred tax assets	(4.9)	(4.5)	(4.9)	(4.5)
Net deferred tax liabilities	-	-	-	-

9. Taxes (continued)

(IV) MOVEMENT

Opening balance of net deferred tax assets	4.4	1.3	4.3	1.2
Recognised in profit or loss	1.9	3.5	1.9	3.5
Recognised in other comprehensive income	(0.6)	(0.4)	(0.6)	(0.4)
Closing balance of net deferred tax assets	5.7	4.4	5.6	4.3

(V) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Deferred income tax expense arising in the reporting period related to items charged / (credited) directly in equity:

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Aggregate of deferred tax related to:				
Net movement on cash flow hedges	(0.4)	(0.3)	(0.4)	(0.3)
Net movement on Cuscal investment measured at FVOCI	(0.2)	(0.2)	(0.2)	(0.2)
Net movement on revaluation of land	-	0.1	-	0.1
	(0.6)	(0.4)	(0.6)	(0.4)
Aggregate of current tax related to:				
Capital gains tax on Cuscal Limited shares sold charged to retained earnings	1.9	-	1.9	-
	1.9	-	1.9	-

Refer to note 26 for more details.

(VI) RECOVERABILITY OF THE DEFERRED TAX ASSETS

Deferred tax assets relating to unused losses and deductible temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Management assessed the recoverability of the temporary timing differences as at 30 June 2025. As at 30 June 2025, the Group has no cumulative unused tax losses (2024: \$nil), and no deferred tax asset has been recognised to reflect this (2024: \$nil). The Group continues to realise taxable profits to utilise deferred tax assets and the Group has sufficient deferred tax liabilities to off-set deferred tax assets. As a result, management has not identified an impairment of the recoverability of the \$5.7 million temporary timing differences as at 30 June 2025 (2024: \$4.4 million).

10. Cash and cash equivalents

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Cash on hand	0.9	0.9	0.9	0.9
Cash at bank	15.9	28.1	13.7	26.1
Deposits at call	13.1	8.1	13.1	8.1
Restricted cash	35.3	43.4	-	-
Total cash and cash equivalents	65.2	80.5	27.7	35.1

(I) RESTRICTED CASH

Included within cash and cash equivalents at 30 June 2025 is \$35.3 million (2024: \$43.4 million) on restricted cash for liquidity and expense reserve respectively. The restricted cash is held in the PB Trust 2022-1R, which is a self-securitisation trust established for liquidity purposes (refer to note 15). The restricted trust balance is therefore not available for general use by Police Bank Limited or its controlled entities.

(II) GUARANTEES

Refer to note 29 for further details on financial guarantees in place during 2025 and 2024 in relation to cash and cash equivalents.

(III) MATURITY PERIOD

Refer to note 27 for the Group's exposure to liquidity risk, the maturity profile of cash & cash equivalents and the expected credit loss provision in relation to deposits at call.

(IV) FAIR VALUE MEASUREMENT

The fair value of cash and cash equivalents are not materially different to the carrying amount due to the short-term nature of these instruments. Refer to note 29 for information on fair value measurement.

(V) EXPECTED CREDIT LOSSES

The cash balances are denominated in Australian Dollars and held with APRA regulated Australian financial institutions. These balances are considered to meet the definition of a low-risk investment and have been considered on this basis for the allowance for credit losses. The expected credit loss is \$Nil for 30 June 2025 (2024: \$Nil).

11. Trade and other receivables

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Payment system clearing account	2.7	1.1	2.7	1.1
Income accruals	3.7	3.3	3.7	3.3
Sundry debtors	0.3	0.3	0.1	0.1
Total trade and other receivables	6.7	4.7	6.5	4.5

The trade and other receivables are short-term in nature and dependent on the terms and conditions of the related contract, where one exists. The receivables include transactions pending settlement.

(I) MATURITY PROFILE

The trade and other receivable amounts are expected to be recovered within the next 12 months. Refer to note 27 for the liquidity risk, maturity profile and the expected credit loss provision in relation to the trade and other receivables.

(II) FAIR VALUE MEASUREMENT

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

(III) EXPECTED CREDIT LOSSES

The trade and other receivables are short-term in nature and dependent on the terms and conditions of the related contract, where one exists. The expected credit loss is \$Nil for 30 June 2025 (2024: \$Nil).

12. Investment securities

Financial assets measured at amortised cost – hold to maturity portfolio:

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
State Government or Territory borrowings	109.5	25.0	109.5	25.0
Bank bills and certificates of deposit	64.3	89.9	64.3	89.9
Medium term notes	271.4	307.1	271.4	307.1
Expected credit loss provision	(0.2)	(0.3)	(0.2)	(0.3)
Total investment securities	445.0	421.7	445.0	421.7

During the year the Group increased its holdings of semi-government securities from \$25 million to \$109.5 million. This strategic reallocation was undertaken in response to the Australian Prudential Regulation Authority's (APRA) consultation on targeted changes to liquidity and capital standards for Authorised Deposit-taking Institutions (ADIs), particularly those operating under the Minimum Liquidity Holdings (MLH) regime. The proposed changes emphasise the need for ADIs to hold high-quality liquid assets valued at market prices and to strengthen the composition of their liquidity portfolios. By increasing exposure to semi-government securities, Police Bank aims to enhance the resilience and quality of its liquidity buffer in line with APRA's expectations, while maintaining prudent risk management and regulatory compliance.

(I) INVESTMENTS PLEDGED AS COLLATERAL

The bank bills and certificates of deposits include \$20.8 million (2024: \$20.8 million), representing the Bank's security deposit obligations with Cuscal Limited which are not available for use to the Group. Refer to note 29 for further information on the Cuscal facility.

Other than the security deposit obligation with Cuscal Limited, the investment securities balance at 30 June 2025 and 30 June 2024 is fully unencumbered.

(II) EXPECTED CREDIT LOSSES

The investment securities are denominated in Australian Dollars and held with APRA regulated Australian financial institutions. These receivables are considered to meet the definition of a low-risk investment and have been considered on this basis for the allowance for credit losses. All investments are in Stage 1 for the expected credit loss provisioning purposes.

The table below represents the reconciliation of opening balance to closing balance of expected credit loss:

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Opening balance as at 1 July	(0.3)	(0.3)	(0.3)	(0.3)
Expected credit loss provision charge	0.1	-	0.1	-
Amounts written off, previously provided for	-	-	-	-
Closing balance as at 30 June	(0.2)	(0.3)	(0.2)	(0.3)

During the year, the Group reversed \$0.1 million (2024: \$0.3 million charge) provision for expected credit loss. Refer to note 5, Expected credit loss and impairment, net of recoveries. The provision covers the low-risk in cash and cash equivalents, trade and other receivables and investment securities.

12. Investment securities (continued)

(III) MATURITY PROFILE

Refer to note 27 for the Group's exposure to liquidity risk and the maturity profile of the investment securities.

(IV) FAIR VALUE MEASUREMENT

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

13. Equity investment

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Shares in Cuscal Limited	9.8	9.2	9.8	9.2
Total equity investment	9.8	9.2	9.8	9.2

(I) DISCLOSURES ON SHARES VALUED

The Group designated the shares in Cuscal Limited (Cuscal) at fair value through the statement of other comprehensive income (FVTOCI) from 1 July 2019. The investment is held to enable the Group to receive essential banking services, rather than with a view to profit on subsequent sale. The shares are not held for trading and there are no plans to dispose of the remaining investment during the short term.

Cuscal is a listed public company in Australia. Cuscal is an Australian Prudential Regulation Authority (APRA) Authorised Deposit-taking Institution (ADI) that provides payments and regulated data services to organisations, primarily mutual banks and credit unions. Cuscal floated on the Australian Securities Exchange (ASX) on 25 November 2024.

On this date the Group participated in an off market share buy-back of 50% of its shareholding and sold 3,268,764 shares at \$2.5 per share into Cuscal's Initial Public Offering (IPO) for a total of \$8.2 million. No gain or loss was recognised in the Statement of Profit or Loss as the investment is measured at fair value. The cumulative gain of \$4.4 million in equity was transferred to retained earnings. Refer to note 25.

The corresponding deferred tax liability of \$2.4 million in relation to the portion of the investment sold was derecognised with a corresponding adjustment to retained earnings. In addition, Capital Gains Tax of \$1.9 million was recognised directly in retained earnings. This resulted in a net realised gain of \$4.9 million from the sale of shares recognised directly in retained earnings.

(II) MATURITY PROFILE

The Group is not intending to dispose of these shares and therefore the investment does not mature.

(III) FAIR VALUE MEASUREMENT

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Subsequent movements in fair value are recognised in other comprehensive income and are not reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. Since 25 November 2025 the Group revalued its investment in Cuscal Limited using level 1 fair value inputs which are based on Cuscal's closing share price quoted per the ASX on the day last trading day of each month. In the prior year fair value had been determined using level 3 observable fair value techniques based on available audited financial statements.

13. Equity investment (continued)

(IV) DISCLOSURES ON VALUATION OF SHARES

	VALUATION METHOD	FAIR VALUE HIERARCHY	TOTAL SHARES	FAIR VALUE PER SHARE	FAIR VALUE \$'000
2025	Active Market	Level 1	3,268,764	\$3.00	\$9,806
2024	Observable Inputs	Level 3	6,537,528	\$1.41	\$9,199

(V) EQUITY INVESTMENT HELD AT FVTOCI RESERVE

During the year, the Group recognised \$1.8 million of fair value gains (2024: \$0.5 million) on the equity investment at FVTOCI in the Statement of Profit or Loss and Other Comprehensive Income, net of tax. Refer to note 25.

(VI) DIVIDEND INCOME FROM CUSCAL

During the year, the Group recognised \$0.6 million (2024: \$0.5 million) of fully franked dividends from investment securities at FVTOCI in profit or loss. Refer to the non-interest income note 4.

(VII) EQUITY INVESTMENT MOVEMENT RECONCILIATION

GROUP AND BANK	
Reconciliation	\$M
Balance at 1 July 2023	8.5
Net change in fair value recognised in other comprehensive income, net of tax	0.7
Balance at 30 June 2024	9.2
Balance at 1 July 2024	9.2
Net change in fair value recognised in other comprehensive income, net of tax	0.6
Balance at 30 June 2025	9.8

14. Net loans and advances

(I) NET LOANS AND ADVANCES HELD AT AMORTISED COST

GROUP AND BANK	2025	2024
	\$M	\$M
Gross loans and advances	2,237.6	2,044.3
Less:		
Expected credit loss	(8.9)	(9.2)
Deferred fees	(1.8)	(1.9)
Total net loans and advances	2,226.9	2,033.2

HOPE Housing Fund Management Limited (HOPE)

The Group partners with HOPE Housing Fund Management Limited (HOPE) for an Essential Worker Home Loan Scheme. Under the scheme a homeowner enters into a shared equity agreement with HOPE to share the capital cost of purchasing a home. On completion of the purchase of the property the title is transferred to the homeowner. At 30 June 2025, 24 loans (2024: 17 loans) have been advanced under the scheme with balances owing of \$13.6 million (2024: \$9.2 million) which is included in net loans and advances above.

Homeowners can buy back the proportionate value of the HOPE Investment, either partially or wholly, without the sale of the property. HOPE will not be a joint tenant, a tenant in common, or take any other equitable interest in the property except for a registered charge. Upon sale of the property, the homeowner incurs a personal obligation to pay to HOPE the sale proceeds from the property, proportionate to the HOPE Investment in the property, including the proportional share of any capital gain. From the Group's perspective there is no change in the normal settlement process that applies to other loans. The Group does not share in any of the capital gain or receives any additional proceeds under the scheme and as such there is no embedded derivative under AASB 9 Financial Instruments. These loans are also classified as standard loans under APS 112 Capital Adequacy: Standardised Approach to Credit Risk.

(II) GROSS LOANS AND ADVANCES BY PURPOSE

GROUP AND BANK	2025	2024
Analysis by purpose	\$M	\$M
Home loans	2,155.4	1,963.7
Personal loans	64.0	60.4
Credit cards	13.3	14.3
Overdrafts	4.6	5.1
Commercial loans	0.3	0.8
Gross loans and advances	2,237.6	2,044.3

(III) GROSS LOANS AND ADVANCES BY SECURITY

GROUP AND BANK	SECURED AGAINST REAL ESTATE		SECURED BY OTHERS		UNSECURED	
Credit quality – security held against loans:	2025	2024	2025	2024	2025	2024
	\$M	\$M	\$M	\$M	\$M	\$M
Home loans	2,155.4	1,963.7	-	-	-	-
Personal loans	-	-	44.3	40.9	19.7	19.5
Credit cards	-	-	-	-	13.3	14.3
Overdrafts	-	-	-	-	4.6	5.1
Commercial loans	0.3	0.8	-	-	-	-
Total gross loans and advances	2,155.7	1,964.5	44.3	40.9	37.6	38.9

14. Net loans and advances (continued)

(IV) CONCENTRATION OF GROSS LOANS AND ADVANCES

GROUP AND BANK		
Gross loans and advances by geographical concentration	2025	2024
	\$M	\$M
New South Wales	1,725.8	1,597.2
Australian Capital Territory	195.6	174.1
Tasmania	115.4	105.9
Victoria	92.9	73.2
Queensland	79.8	72.1
Others	28.1	21.8
Total gross loans and advances	2,237.6	2,044.3

Individual concentration

As at 30 June 2025 there was no loan to any individual member, which represents 10% or more of loans and advances (2024: none).

Industry concentration

The Group has a customer or industry concentration of loans to Members who are predominantly employees in the NSW Police Force and the Australian Federal Police. This concentration is considered acceptable on the basis that the Group was formed to service these Members, and that the industry is an essential and stable industry. Should Members leave this industry the loans continue, and other employment opportunities are available to the Members to facilitate the repayment of the loans.

Concentration of loans and advances

In addition to the on-Statement of Financial Position credit exposure above there are approved but undrawn loans and credit limits. These comprise mortgage re-draws and credit lines, credit card and overdraft facilities:

GROUP AND BANK		
	2025	2024
Credit exposure to undrawn facilities:	\$M	\$M
Loans approved not yet funded	74.3	58.5
Undrawn credit limits and re-draw	52.8	54.4
Total undrawn facilities	127.1	112.9

14. Net loans and advances (continued)

(V) MATURITY PROFILE

GROUP AND BANK	2025	2024
	\$M	\$M
Expected maturities within 12 months	208.7	192.8
Expected maturities greater than 12 months	2,018.2	1,840.4
Total net loans and advances	2,226.9	2,033.2

Refer to note 27 for the liquidity risk management and maturity profile of loans and advances.

(VI) FAIR VALUE MEASUREMENT

Refer to note 28 for information on fair value measurement.

Allowance for expected credit losses

(I) EXPECTED CREDIT LOSSES

The table below represents the reconciliation of opening balance to closing balance of expected credit loss:

GROUP AND BANK	2025	2024
	\$M	\$M
Expected credit losses for loans and advances		
Opening balance as at 1 July	(9.2)	(8.2)
Expected credit loss provision reversal / (charge)	0.3	(1.0)
Closing balance as at 30 June	(8.9)	(9.2)

(II) LOAN TYPE BY CREDIT LOSSES

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

GROUP AND BANK	GROSS CARRYING VALUE		EXPECTED CREDIT LOSS		CARRYING VALUE	
	2025	2024	2025	2024	2025	2024
	\$M	\$M	\$M	\$M	\$M	\$M
Home loans	2,155.4	1,963.7	(7.3)	(7.3)	2,148.2	1,956.4
Personal loans	64.0	60.4	(1.0)	(1.1)	63.0	59.3
Credit cards	13.3	14.3	(0.5)	(0.4)	12.8	13.9
Overdrafts	4.6	5.1	-	(0.3)	4.6	4.8
Total to households	2,237.3	2,043.5	(8.8)	(9.1)	2,228.6	2,034.4
Commercial loans	0.3	0.8	-	-	0.3	0.8
Total	2,237.6	2,044.3	(8.8)	(9.1)	2,228.9	2,035.2
Undrawn credit commitments	127.1	112.9	(0.1)	(0.1)	127.0	112.8
Total loans and advances	2,364.7	2,157.2	(8.9)	(9.2)	2,355.9	2,148.0

14. Net loans and advances (continued)

(III) CREDIT EXPOSURES BY SECURITY

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

GROUP AND BANK		2025 CREDIT EXPOSURE BY SECURITY IN \$M				
Loans and advances by expected credit loss and security	Gross carrying value	Expected credit loss	Carrying value	Secured against real estate	Secured by others	Unsecured
Home loans	2,155.4	(7.3)	2,148.2	2,148.2	-	-
Personal loans	64.0	(1.0)	63.0	-	43.6	19.4
Credit cards	13.3	(0.5)	12.8	-	-	12.8
Overdrafts	4.6	-	4.6	-	-	4.6
Commercial loans	0.3	-	0.3	0.3	-	-
Total	2,237.6	(8.8)	2,228.9	2,148.5	43.6	36.8
Undrawn credit commitments	127.1	(0.1)	127.0	74.0	0.3	52.7
Total loans and advances	2,364.7	(8.9)	2,355.9	2,222.5	43.9	89.5

GROUP AND BANK		2024 CREDIT EXPOSURE BY SECURITY IN \$M				
Loans and advances by expected credit loss and security	Gross carrying value	Expected credit loss	Carrying value	Secured against real estate	Secured by others	Unsecured
Home loans	1,963.7	(7.3)	1,956.4	1,956.4	-	-
Personal loans	60.4	(1.1)	59.3	-	40.2	19.2
Credit cards	14.3	(0.4)	13.9	-	-	13.9
Overdrafts	5.1	(0.3)	4.8	-	-	4.8
Commercial loans	0.8	-	0.8	0.8	-	-
Total	2,044.3	(9.1)	2,035.2	1,957.2	40.2	37.9
Undrawn credit commitments	112.9	(0.1)	112.8	58.4	0.5	53.9
Total loans and advances	2,157.2	(9.2)	2,148.0	2,015.6	40.7	91.8

(IV) ASSET CLASS BY STAGING

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

GROUP AND BANK		2025 \$M				2024 \$M			
ECL Staging		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		12 months	12 months	12 months		12 months	12 months	12 months	
Home loans		0.8	0.4	0.8	2.0	0.5	0.1	1.0	1.6
Personal loans		0.5	0.2	0.2	0.9	0.5	0.2	0.2	0.9
Credit cards		0.3	0.1	0.1	0.5	0.2	0.1	0.1	0.4
Overdrafts		-	-	-	-	0.1	0.1	0.1	0.3
Total to households		1.6	0.7	1.1	3.4	1.3	0.5	1.4	3.2
Commercial loans		-	-	-	-	-	-	-	-
Undrawn credit commitments		0.1	-	-	0.1	0.1	-	-	0.1
Management overlay		0.5	1.5	3.4	5.4	0.6	1.6	3.7	5.9
Total expected credit loss		2.2	2.2	4.5	8.9	2.0	2.1	5.1	9.2

14. Net loans and advances (continued)

(V) MOVEMENTS BY STAGING

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

GROUP AND BANK		LIFETIME ECL \$M							
Expected credit losses 2025		Gross Loans Stage 1	Stage 1 ECL	Gross Loans Stage 2	Stage 2 ECL	Gross Loans Stage 3	Stage 3 ECL	Total Gross Loans	Total ECL
Opening Balance for 1 July 2024		2,030.4	2.0	3.3	2.1	10.6	5.1	2,044.3	9.2
Net asset origination		195.6	-	(0.3)	-	(1.8)	-	193.6	-
Transfers during the period to / (from)	Stage 1	(9.0)	-	4.9	-	4.1	-	-	-
	Stage 2	0.8	-	(2.1)	-	1.3	-	-	-
	Stage 3	4.4	-	1.3	-	(5.7)	-	-	-
Net re-measurement on transfers between stages		(3.8)	0.2	4.1	0.1	(0.3)	(0.6)	-	(0.3)
Movements due to risk parameters		-	-	-	-	-	-	-	-
Write-offs		-	-	-	-	(0.3)	-	(0.3)	-
Closing balance at 30 June 2025		2,222.2	2.2	7.1	2.2	8.2	4.5	2,237.6	8.9

GROUP AND BANK		LIFETIME ECL \$M							
Expected credit losses 2024		Gross Loans Stage 1	Stage 1 ECL	Gross Loans Stage 2	Stage 2 ECL	Gross Loans Stage 3	Stage 3 ECL	Total Gross Loans	Total ECL
Opening Balance for 1 July 2023		1,978.2	3.4	3.9	2.3	4.8	2.5	1,986.9	8.2
Net asset origination		59.5	-	(0.4)	-	(1.3)	-	57.8	-
Transfers during the period to / (from)	Stage 1	(10.8)	-	2.6	-	8.2	-	-	-
	Stage 2	2.3	-	(2.7)	-	0.3	-	(0.1)	-
	Stage 3	1.2	-	-	-	(1.3)	-	(0.1)	-
Net re-measurement on transfers between stages		(7.3)	(1.4)	(0.1)	(0.2)	7.2	2.6	(0.2)	1.0
Movements due to risk parameters		-	-	-	-	-	-	-	-
Write-offs		-	-	(0.1)	-	(0.1)	-	(0.2)	-
Closing balance at 30 June 2024		2,030.4	2.0	3.3	2.1	10.6	5.1	2,044.3	9.2

Stage 1 ECL includes a provision of \$0.1 million which relates to undrawn credit commitments (2024: \$0.1 million).

14. Net loans and advances (continued)

(VI) CREDIT LOSS STAGING BY SECURITY

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

GROUP AND BANK	SECURED AGAINST REAL ESTATE		SECURED BY OTHERS		UNSECURED	
	2025	2024	2025	2024	2025	2024
Credit losses by security	\$M	\$M	\$M	\$M	\$M	\$M
Stage 1	1.3	1.2	0.3	0.3	0.6	0.5
Stage 2	2.0	1.7	0.1	0.1	0.2	0.3
Stage 3	4.0	4.5	0.3	0.2	0.1	0.4
Total expected credit losses	7.3	7.4	0.7	0.6	0.9	1.2

(VII) LOAN TO VALUE BY SECURITY

The Group holds collateral against loans and advances to members in the form of mortgage interests over property, other registered securities over assets, and guarantees. For certain residential mortgages, where the Loan to Value Ratio (LVR) is greater than 80%, lenders mortgage insurance contracts (LMI) are entered into in order to manage credit risk. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

The following tables provide information on credit exposures from loans and advances lending by stratifications of LVRs. The LVR is calculated as the ratio of the current balance of the loan to the most recent valuation of the collateral.

GROUP AND BANK	SECURED AGAINST REAL ESTATE		SECURED BY OTHERS		UNSECURED	
	Carrying amount	ECL	Carrying amount	ECL	Carrying amount	ECL
At 30 June 2025						
Loan-to-value ratio (LVR)	\$M	\$M	\$M	\$M	\$M	\$M
<=20%	57.5	(0.1)	-	-	-	-
>20%<=40%	270.7	(0.5)	-	-	-	-
>40%<=70%	1,073.8	(2.2)	-	-	-	-
>70%<=80%	480.3	(3.2)	-	-	-	-
>80%<=90%	136.9	(0.9)	-	-	-	-
>90%<=100%	44.5	(0.1)	-	-	-	-
>100%	-	-	-	-	-	-
>FHLDS*	165.8	(0.3)	-	-	-	-
Secured by others & unsecured	-	-	44.6	(0.7)	90.6	(0.9)
	2,229.5	(7.3)	44.6	(0.7)	90.6	(0.9)

* Loans issued under the federal government's First Home Loan Deposit Scheme [FHLDS] by National Housing Finance and Investment Corporation (NHFIC) are guaranteed for any loan monies above 80% LVR.

The total carrying amount of loans with LVR's greater than 70% that are disclosed above and not insured by lenders mortgage insurance contracts amounts to:

- LVR's >70%<=80%: \$414.2 million (2024: \$336.0 million); and
- LVR's >80%: \$43.7 million (2024: \$157.8 million).

14. Net loans and advances (continued)

(VII) LOAN TO VALUE BY SECURITY (CONTINUED)

GROUP AND BANK	SECURED AGAINST REAL ESTATE		SECURED BY OTHERS		UNSECURED	
	Gross Carrying amount	ECL	Gross Carrying amount	ECL	Gross Carrying amount	ECL
At 30 June 2024						
Loan-to-value ratio (LVR)	\$M	\$M	\$M	\$M	\$M	\$M
<=20%	83.3	(0.2)	-	-	-	-
>20%<=40%	276.4	(0.7)	-	-	-	-
>40%<=70%	969.2	(1.9)	-	-	-	-
>70%<=80%	406.7	(2.7)	-	-	-	-
>80%<=90%	123.7	(1.4)	-	-	-	-
>90%<=100%	34.4	(0.3)	-	-	-	-
>100%	-	-	-	-	-	-
>FHLDS*	138.9	(0.1)	-	-	-	-
Secured by others & unsecured	-	-	37.0	(0.7)	87.5	(1.2)
	2,032.6	(7.3)	37.0	(0.7)	87.5	(1.2)

(VIII) ARREARS BY STAGING

Under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted and at the latest when the exposure becomes 30 days past due. The tables below provide an analysis of the amount of loans and advances by past due status:

GROUP AND BANK		2025 IN \$M				
Arrears by staging	Gross Carrying value	Current	1-29 days	30-59 days	60-89 days	90+ days
Home loans	2,155.4	2,124.2	16.6	4.3	2.5	7.8
Personal loans	64.0	62.4	1.0	0.2	0.1	0.3
Credit cards	13.3	13.1	-	0.1	-	0.1
Commercial loans	0.3	0.3	-	-	-	-
Total	2,233.0	2,200.0	17.6	4.6	2.6	8.2

GROUP AND BANK		2024 IN \$M				
Arrears by staging	Gross Carrying value	Current	1-29 days	30-59 days	60-89 days	90+ days
Home loans	1,963.7	1,925.5	25.3	1.6	1.5	9.8
Personal loans	60.4	58.5	1.2	0.1	-	0.6
Credit cards	14.3	14.1	-	0.1	-	0.1
Commercial loans	0.8	0.8	-	-	-	-
Total	2,039.2	1,998.9	26.5	1.8	1.5	10.5

14. Net loans and advances (continued)

(IX) PROBABILITY OF DEFAULT ('PD') AND LOSS GIVEN DEFAULT ('LGD')

Key assumptions and judgements adopted in estimating ECL are presented below. Details on the Group's policy on determining these assumptions, including judgement involved are presented in note 1.

LOAN PURPOSE	KEY ASSUMPTIONS AND JUDGEMENTS
Home loans and undrawn facilities	All home loans are mortgage secured. The home loan book includes loans with loan-to-value ratios (LVR's) greater than 70% that do not have Lenders Mortgage Insurance i.e. • \$414.2 million or 19.2% of home loans with LVR's >70%≤80%; and • \$43.7 million or 2.0% of home loans population ≥80% LVR. The absence of statistical relevant loss data on the Group's portfolio makes it difficult to arrive at LGD, therefore, the Group has used data sourced from the four major Australian banks.
Personal loans, credit cards, overdrafts, finance leases, commercial loans and respective undrawn facilities	The Group has undertaken extensive review of credit losses incurred over the period till date, in order to determine PD and LGD and noted no significant change in losses in the current year especially given the insignificant write-offs.

The following table reflects the split between modelled expected credit losses, forward-looking inputs, and management overlays. Where there is increased uncertainty regarding the forward-looking economic conditions or limitations of the historical data used to calibrate the model to current stressed environments, overlays are typically used to address areas of potential risk not captured in the underlying provisions.

GROUP AND BANK	2025	2024
	\$M	\$M
Base modelled credit loss provision	3.5	3.3
Forward looking and management overlays:		
Home loans with LVR's >70%≤80% and no LMI insurance	2.2	1.8
Home loans with LVR's >80% and no LMI insurance	0.6	0.9
Fixed interest rate home loans that will revert to variable rates	1.4	1.6
Home loan hardship accounts	1.1	1.5
All other loan hardship accounts	0.1	0.2
Total expected credit loss provisions	8.9	9.2

GROUP AND BANK	2025	2024
	\$M	\$M
Total gross loans and advances	2,237.6	2,044.3
Total write-offs	0.3	(0.2)
Ratios	%	%
Total expected credit loss provisions to gross loans	0.40	0.45
Total write-offs to gross loans	0.01	0.01

SENSITIVITY ANALYSIS

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

14. Net loans and advances (continued)

(IX) PROBABILITY OF DEFAULT ('PD') AND LOSS GIVEN DEFAULT ('LGD') (CONTINUED)

FORWARD LOOKING AND MANAGEMENT OVERLAYS

As noted in (viii) Arrears by staging, total arrears decreased by \$7.3 million to \$33.0 million as at 30 June 2025 compared to total arrears in the prior year (2024: \$40.3 million). However, total write-offs remained consistently low at \$0.3 million (2024: \$0.2 million). The decrease in risk as a result of the decrease in arrears has been considered in determination of the appropriate total expected credit loss provision as at 30 June 2025. The Group has assessed a new overlay of \$5.4 million as at 30 June 2025 (2024: \$5.9 million) to provide for expected credit loss due to the significant uncertainty in the forward-looking economic environment, including the impact of elevated interest rates and inflationary pressures.

Overlays are determined based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement. Overlays are subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments.

Management focused the overlay provision on the following areas at risk in the loan book:

- Home loans with LVR's between 70% to 80% and no LMI insurance;
- Home loans with LVR >80% and no LMI insurance;
- Home loans currently on fixed interest rates that will revert to variable interest rates;
- Home loan hardship accounts; and
- All other loan hardship accounts.

Refer to section (vii) Loan to value by security above for the allocation of the total expected credit loss provision.

FORWARD LOOKING ASSUMPTIONS

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

SCENARIO WEIGHTING	2025	2024	EXPECTATION
Base	50%	50%	Where the Australian economy performs somewhat worse than forecasted by RBA.
Upside	15%	5%	Where the Australian economy tracks broadly along the lines that the RBA has forecasted in terms of unemployment, growth, and inflation.
Downside	35%	45%	Where the Australian economy performs significantly worse than forecasted by RBA.

Sources which may be considered when determining the economic scenarios including external information, economic data, and forecasts published by the Reserve Bank of Australia, Australian Bureau of Statistics, forecasts published by the four local major banks or other industry peers. As of August 2025 - The Reserve Bank of Australia (RBA) has lowered interest rates to their lowest level since May 2023, with a cash rate of 3.60%. With underlying inflation continuing to decline back towards the midpoint of the 2-3 per cent range and labour market conditions easing slightly. However, there is still a lot of uncertainty, therefore the board will continue to focus on the data to guide its response and forward looking assumptions and scenario weightings.

15. Investment in subsidiaries

The financial statements incorporate the assets, liabilities, and results of the following subsidiaries and trusts in accordance with the accounting policy described in note 1. The parent entity of the Group is Police Bank Limited.

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Investment in Chelsea Wealth Management	-	-	5.0	5.0
Investment in PB 2022-IR	-	-	35.3	43.4
Total investment in subsidiaries	-	-	40.3	48.4

The value of the investment in PB 2022-IR Trust is disclosed as restricted cash, refer to note 10.

CONSIDERATION FOR INVESTMENT IN CHELSEA WEALTH MANAGEMENT

When there is a change in a parent's ownership interest in a subsidiary, but the parent does not cease to have control, this is accounted for as an equity transaction (i.e. a transaction with owners in their capacity as owners). In particular, when a parent increases or decreases its stake in an existing subsidiary without losing control, no adjustment is made to goodwill or any other assets, or liabilities, and no gain or loss is reported.

When the proportion of the equity held by non-controlling interest changes, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiary. Any differences between the amount by which the non-controlling interest is adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parents.

There has been no change in the Group's shareholding in Chelsea Wealth Management Pty Limited during the year. As Chelsea Wealth management is wholly owned there are no non-controlling interest balances at 30 June 2025 (2024: \$Nil).

INTEREST IN SUBSIDIARIES

Details of the material subsidiaries at the end of the reporting period are as follows:

Name of entity	Principal Activity	Country of incorporation or registration and principal place of business	Proportion of ownership interest and voting power held by the Group per 30/6/2025	Proportion of ownership interest and voting power held by the Group per 30/6/2024
PB Trust 2022-IR	Securitisation trust	Australia	100%	100%
Chelsea Wealth Management Pty Limited	Financial planning	Australia	100%	100%

IMPAIRMENT ASSESSMENT OF INVESTMENT IN CONTROLLED ENTITIES

The investments in subsidiaries are held at cost. For each entity, the carrying amount of the investments in controlled entities is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever application of AASB 9 Financial Instruments indicates that the investment may be impaired.

For financial year ended 30 June 2025, no impairment indicators were noted (2024: \$nil).

MATURITY PROFILE

Refer to note 27 for the maturity profile.

16. Property and equipment

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Land – at fair value	6.6	6.4	6.6	6.4
Buildings*				
At cost	13.6	13.6	13.6	13.6
Less: accumulated depreciation	(4.0)	(3.6)	(4.0)	(3.6)
Total buildings	9.6	10.0	9.6	10.0
Equipment*				
At cost	1.8	1.8	1.8	1.8
Less: accumulated depreciation	(1.0)	(0.9)	(1.0)	(0.9)
Total equipment	0.8	0.9	0.8	0.9
Total property and equipment	17.0	17.3	17.0	17.3

MOVEMENTS IN CARRYING AMOUNTS

A reconciliation of the carrying amount of each class of property and equipment is set out below:

	GROUP			
	Land	Buildings	Equipment	Total
At 1 July 2023	\$M	\$M	\$M	\$M
Opening carrying value	6.8	8.5	2.7	18.0
Revaluation	(0.4)	–	–	(0.4)
Transfers*	–	1.9	(1.9)	–
Additions	–	–	0.3	0.3
Disposal	–	–	–	–
Depreciation	–	(0.4)	(0.2)	(0.6)
At 30 June 2024	6.4	10.0	0.9	17.3
At 1 July 2024				
Opening carrying value	6.4	10.0	0.9	17.3
Revaluation	0.2	–	–	0.2
Transfers	–	–	–	–
Additions	–	–	–	–
Disposal	–	–	–	–
Depreciation	–	(0.4)	(0.1)	(0.5)
At 30 June 2025	6.6	9.6	0.8	17.0

* As part of the implementation of the Group's new general ledger system during FY24 all assets were individually reviewed prior to migration to the new general ledger. Certain assets with a net book value of \$1.9 million were reclassified from Equipment to Buildings.

16. Property and equipment (continued)

MOVEMENTS IN CARRYING AMOUNTS (CONTINUED)

	BANK			
	Land	Buildings	Equipment	Total
At 1 July 2023	\$M	\$M	\$M	\$M
Opening carrying value	6.8	8.5	2.7	18.0
Revaluation	(0.4)	-	-	(0.4)
Transfers*	-	1.9	(1.9)	-
Additions	-	-	0.3	0.3
Disposal	-	-	-	-
Depreciation	-	(0.4)	(0.2)	(0.6)
At 30 June 2024	6.4	10.0	0.9	17.3
At 1 July 2024				
Opening carrying value	6.4	10.0	0.9	17.3
Revaluation	0.2	-	-	0.2
Transfers	-	-	-	-
Additions	-	-	-	-
Disposal	-	-	-	-
Depreciation	-	(0.4)	(0.1)	(0.5)
At 30 June 2025	6.6	9.6	0.8	17.0

* As part of the implementation of the Group's new general ledger system during FY24 all assets were individually reviewed prior to migration to the new general ledger. Certain assets with a net book value of \$1.9 million were reclassified from Equipment to Buildings.

REVALUATION OF LAND

Land is held at fair value through other comprehensive income (FVTOCI) for financial reporting purposes. The Board of Directors considers the impact of market movements on the carrying amount of the asset and where a material difference is likely a formal valuation is undertaken. The Board of Directors either uses market observable data, to the extent it is available, or engages an independent valuer who uses appropriate valuation techniques and unobservable inputs to arrive at fair value.

The revalued land consists of freehold land, excluding any structural improvements, and has then been apportioned between building parcels. The freehold land represents the land parcel owned by the Group, at 25 Pelican Street, Surry Hills, NSW, 2010.

Management determined that these constitute one class of asset under AASB 13 Fair Value Measurement, based on the nature, characteristics, and risks of the freehold land. The valuations have been based on the current market value of freehold land, taking into consideration the sales of similar land in the area, and are categorised as Level 2 in the fair value hierarchy.

ASSET REVALUATION RESERVE

An independent valuation was performed by the Valuer General of New South Wales in September 2024, which supports the fair value of \$6.6 million for 30 June 2025 (2024: \$6.4 million). As a result, the Group recognised a fair value gain of \$0.2 million (2024: loss of \$0.4 million) on land in the Statement of Profit or Loss and Other Comprehensive Income, gross of tax.

Had the Group's land been measured on a historical cost basis, the carrying amount would have been \$4.8 million (2024: \$4.8 million).

The directors are satisfied that the outcome of these valuations adequately support the land value for the year ended 30 June 2025. Refer to note 25, for more details.

17. Right-of-use assets

	GROUP		BANK	
	2025	2024	2025	2024
Right-of-use assets – property	\$M	\$M	\$M	\$M
At cost	4.4	4.3	4.0	3.9
Less: accumulated depreciation	(3.4)	(2.8)	(3.1)	(2.5)
Total right-of-use assets – property	1.0	1.5	0.9	1.4
Right-of-use assets – motor vehicles				
At cost	0.1	0.1	0.1	0.1
Less: accumulated depreciation	–	–	–	–
Total right-of-use assets – motor vehicles	0.1	0.1	0.1	0.1
Total right-of-use assets	1.1	1.6	1.0	1.5

MOVEMENTS IN CARRYING AMOUNTS

A reconciliation of the carrying amount of each class of right-of-use asset is set out below:

	GROUP			BANK		
	Right-of-use Assets – property	Right-of-use Assets – motor Vehicles	Total	Right-of-use Assets – property	Right-of-use Assets – motor Vehicles	Total
At 1 July 2023	\$M	\$M	\$M	\$M	\$M	\$M
Opening carrying value	1.5	–	1.5	1.3	–	1.3
Additions	–	0.1	0.1	–	0.1	0.1
Remeasurements	0.7	–	0.7	0.8	–	0.8
Depreciation	(0.7)	–	(0.7)	(0.7)	–	(0.7)
At 30 June 2024	1.5	0.1	1.6	1.4	0.1	1.5
At 1 July 2024						
Opening carrying value	1.5	0.1	1.6	1.4	0.1	1.5
Additions	–	–	0.0	–	–	–
Remeasurements	0.1	–	0.1	0.1	–	0.1
Depreciation	(0.6)	–	(0.6)	(0.6)	–	(0.6)
At 30 June 2025	1.0	0.1	1.1	0.9	0.1	1.0

MATURITY PROFILE

The Group leases 8 premises for its branches under agreements of an average of 8 years with lease termination dates ranging from 2026 to 2027. On expiry, the terms of a new lease will be negotiated.

18. Other assets

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Prepayments	2.3	2.0	2.3	1.9
Lease security deposits	–	–	–	–
Total other assets	2.3	2.0	2.3	1.9

MATURITY PROFILE

Other assets mature within 12 months.

19. Deposits

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Call deposits	1,357.2	1,288.2	1,357.2	1,288.2
Term deposits	724.6	658.5	724.6	658.5
Accrued interest payable on deposit	12.6	11.8	12.6	11.8
Withdrawable shares	0.2	0.2	0.2	0.2
Total deposits	2,094.6	1,958.7	2,094.6	1,958.7

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

CONCENTRATION OF TERM AND CALL DEPOSITS

GROUP AND BANK	2025	2024
Call deposits by geographical concentration	\$M	\$M
New South Wales	1,140.9	1,092.4
Australian Capital Territory	78.1	71.0
Queensland	56.7	49.3
Tasmania	39.5	39.3
Victoria	26.7	21.3
Others	15.3	14.9
Total call deposits	1,357.2	1,288.2
GROUP AND BANK	2025	2024
Term deposits by geographical concentration	\$M	\$M
New South Wales	644.3	585.3
Australian Capital Territory	26.9	25.4
Queensland	24.1	21.8
Tasmania	15.7	14.8
Victoria	10.1	7.8
Others	3.5	3.4
Total call deposits	724.6	658.5

Individual or collective concentration

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

Industry concentration

Member deposits at balance date were received from individuals employed in the NSW Police Force and/or the Australian Federal Police. This concentration is considered acceptable on the basis that the Group was formed to service these Members, and that the industry is an essential and stable industry.

Maturity profile

There were no defaults on interest and capital payments on these deposits in the current or prior year. Refer to note 28 for the liquidity risk management and maturity profile of the deposits.

Fair value measurement

Refer to note 29 for information on fair value measurement.

20. Borrowings

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Notional Certificates of Deposit	138.2	137.9	138.2	137.9
Wholesale Term Deposit Funding	71.8	100.9	71.8	100.9
Floating rate notes	195.0	120.0	195.0	120.0
Accrued interest payable on borrowings	2.9	3.6	2.9	3.6
Total borrowings	407.9	362.4	407.9	362.4
Secured borrowings	-	-	-	-
Unsecured borrowings	407.9	362.4	407.9	362.4
Total borrowings	407.9	362.4	407.9	362.4

Notional Certificates of Deposit ('NCD')

Notional Certificates of Deposit are initially recognised at cost, being the fair value of the consideration received net of issue costs. Subsequent to initial recognition, NCD's are measured at amortised cost using the effective interest method. Amortised cost includes any issue costs and any discount or premium on settlement.

Wholesale Term Deposit Funding

The bank maintains a strategy to diversify its funding sources and maintains a presence with middle market and institutional counterparties. As at 30 June 2025, Wholesale Term Deposit Funding equated to \$71.8 million (2024: \$100.9 million).

Floating rate notes ('FRN')

A \$55 million three-year senior-unsecured FRN was issued on 21 November 2022. Interest is payable at a margin of 150 basis points over the 3 month BBSW. The FRN is repayable on 21 November 2025. A \$65 million three-year senior-unsecured FRN was issued on 17 November 2023. Interest is payable at a margin of 155bps over 3 months BBSW. The FRN is repayable on 17 November 2026. Furthermore, a \$75 million three-year senior-unsecured FRN was issued on 8 November 2024. Interest is payable at a margin of 115bps over 3 months BBSW. The FRN is repayable on 8 November 2027.

Maturity profile

Refer to note 27 for the maturity profile of borrowings.

Fair value measurement

Refer to note 28 for information on fair value measurement.

21. Trade and other payables

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Payment system clearing accounts	6.0	8.3	5.9	8.2
Trade and other payables & accrued expenses	14.7	6.0	14.7	5.9
Sundry payables	0.1	0.1	0.1	0.1
Total trade and other payables	20.8	14.4	20.7	14.2

Included in trade and other payables is an amount recognised that the Group believes may be payable to expeditiously resolve a contractual dispute with a supplier. The information usually required by Australian Accounting Standards is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the contractual dispute.

Maturity profile

The unsecured trade and other payables are expected to be paid within the next 12 months. Refer to note 27 for the liquidity risk management and maturity profile of the trade and other payables.

Fair value measurement

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value. Refer to note 28 for information on fair value measurement.

22. Provisions

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Provision for annual leave	1.5	1.4	1.5	1.4
Provision for long service leave	0.7	0.5	0.7	0.5
Provision for leasehold makegood	0.4	0.4	0.3	0.3
Other employee entitlements	3.4	3.6	3.3	3.5
Sundry provisions	4.2	0.6	4.2	0.6
Total provisions	10.2	6.5	10.0	6.3

22. Provisions (continued)

Movements in carrying amounts

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

	GROUP					
	Annual Leave	Long Service Leave	Leasehold make good	Other employee entitlements	Sundry provisions	Total
At 1 July 2023	\$M	\$M	\$M	\$M	\$M	\$M
Opening balance	1.3	0.5	0.5	3.7	0.6	6.6
Net provisions recognised/(utilised)	0.2	-	(0.1)	(0.1)	-	-
Cash payments	(0.1)	-	-	-	-	(0.1)
At 30 June 2024	1.4	0.5	0.4	3.6	0.6	6.5
At 1 July 2024	1.4	0.5	0.4	3.6	0.6	6.5
Net provisions recognised/(utilised)	0.2	0.2	-	(0.2)	3.6	3.8
Cash payments	(0.1)	-	-	-	-	(0.1)
At 30 June 2025	1.5	0.7	0.4	3.4	4.2	10.2

	BANK					
	Annual Leave	Long Service Leave	Leasehold make good	Other employee entitlements	Sundry provisions	Total
At 1 July 2023	\$M	\$M	\$M	\$M	\$M	\$M
Opening balance	1.3	0.4	0.4	3.7	0.6	6.4
Net provisions recognised/(utilised)	0.2	0.1	(0.1)	(0.2)	-	-
Cash payments	(0.1)	-	-	-	-	(0.1)
At 30 June 2024	1.4	0.5	0.3	3.5	0.6	6.3
At 1 July 2024	1.4	0.5	0.3	3.5	0.6	6.3
Net provisions recognised/(utilised)	0.2	0.2	-	(0.2)	3.6	3.8
Cash payments	(0.1)	-	-	-	-	(0.1)
At 30 June 2025	1.5	0.7	0.3	3.3	4.2	10.0

Maturity profile	GROUP		BANK	
	2025	2024	2025	2024
By provisions	\$M	\$M	\$M	\$M
Current provisions within 12 months	9.1	5.6	9.0	5.5
Non-current provisions > 12 months	1.1	0.9	1.0	0.8
Total provisions	10.2	6.5	10.0	6.3

Employee entitlements

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

Other employee entitlements

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

22. Provisions (continued)

Leasehold make good provision

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

Sundry provisions

Sundry provisions comprises of various other provisions including directors' retirement benefits, member remediation and compensation claims and employee pay and entitlements provision.

DIRECTORS' RETIREMENT BENEFITS

Estimated costs to be incurred for member elected directors' retirement benefits in relation to member elected directors appointed prior to August 2021. The benefit is estimated using various assumptions including the total remuneration the director has received in the 12 months immediately preceding the director ceasing to be a director, the number of years of service completed and probability of the benefit vesting.

REMEDICATION AND COMPENSATION CLAIMS

The Group undertakes ongoing compliance activities, including review of products and services provided to members, as well as interest and fees charged.

Some of these investigations and reviews have resulted in remediation programs and where required the Group consults with the respective regulator on the proposed remediation action.

EMPLOYEE PAY AND ENTITLEMENTS PROVISION

During the Police Bank Enterprise Agreement negotiation process in FY25, the Bank identified a requirement to remediate a specific cohort of employees for agreement terms and conditions that are owed to them. The provision balance that has been set for this remediation exercise is based on financial modelling that has reconstructed the Bank's payroll obligations based on management's assessment of the facts and circumstances existing as at the reporting date. It is reasonably possible that the final outcomes may differ to those reported, the impact of which will be reflected in future reporting periods.

23. Lease liabilities

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Lease liabilities	1.1	1.5	1.0	1.4
Total lease liabilities	1.1	1.5	1.0	1.4

	GROUP		BANK	
	2025	2024	2025	2024
Lease liabilities reconciliation				
	\$M	\$M	\$M	\$M
Opening balance on 1 July	1.5	1.6	1.4	1.5
Lease payments	(0.7)	(0.7)	(0.6)	(0.7)
Interest expenses	0.1	0.1	0.0	0.1
Modifications	0.2	0.5	0.2	0.5
Balance at 30 June	1.1	1.5	1.0	1.4

	GROUP		BANK	
	2025	2024	2025	2024
Maturity profile of lease liabilities				
	\$M	\$M	\$M	\$M
Current lease liabilities within 12 months	0.7	0.6	0.6	0.6
Non-current lease liabilities > 12 months	0.4	0.9	0.4	0.8
Total lease liabilities	1.1	1.5	1.0	1.4

	GROUP		BANK	
	2025	2024	2025	2024
Maturity profile of discounted contractual cash flows				
	\$M	\$M	\$M	\$M
One year or less	0.7	0.6	0.6	0.6
One year to two years	0.3	0.5	0.3	0.5
Two years to five years	0.1	0.4	0.1	0.3
Total lease liabilities	1.1	1.5	1.0	1.4

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group's finance function.

24. Derivatives

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

No new derivative instruments agreements were entered into during the financial year. During the 2023 financial year the bank entered into two interest rate swaps respectively \$50 million which matured on 17 February 2025 and \$100 million maturing on 27 January 2026.

Trading derivatives are not in a qualifying hedging relationship, and as such are measured at fair value through the profit or loss. The Group has not held any instruments treated as trading derivatives for the financial year ended 30 June 2025.

HEDGE INEFFECTIVENESS

The Group has designated all derivative instruments held into a highly effective hedging relationship across the variable lending book as outlined above. Hedge ineffectiveness may arise where the changes in variable cash flows arising from the derivative instruments significantly differ from the changes in cash flows arising from the hedged items. Potential sources of ineffectiveness mainly relate to differences in the repricing on the variable lending book, which is based off the cash rate against the derivative instruments which reprice on Bank Bill Swap Rate (BBSW) reference rate. No hedging ineffectiveness has been recognised in the Statement of Profit or Loss for the year ended 30 June 2025 (2024 \$nil).

DERIVATIVE ASSETS AND LIABILITIES

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

Derivative liabilities	Hedging instrument	Risk	2025		2024	
			Carrying amount at fair value	Notional value	Carrying amount at fair value	Notional value
			\$M	\$M	\$M	\$M
Cash flow hedges	Interest rate swaps	Interest Rate	(0.2)	100.0	(1.6)	150.0

RISK MANAGEMENT STRATEGY FOR HEDGE ACCOUNTING

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

The Group receives fixed interest on swaps with a notional amount of \$100 million (2024: \$150 million), on which it receives 3.38% interest and pays interest at a variable rate based on the one-month AUD-Bank Bill Swap rate ('BBSW') on the notional amount. The weighted average fixed interest rate of interest rate swaps hedging interest rate risk as at 30 June 2025 was 3.38% (2024: 3.5%).

As at 30 June 2025, the Group received fixed interest on swaps with a notional amount of \$100 million (2024: \$150 million). Under hedge accounting rules, these arrangements are treated as swapping the variable interest received on the Bank's loans to a fixed rate receipt. Interest rate derivatives are executed and designated into a qualifying cash flow hedge relationship on inception, swapping out floating rate interest derived on a portion of the Group's variable lending book. This reduces volatility in the Bank's realised NIM during periods of movement in the cash rate. The applicable benchmark interest rate that the Group is exposed to across the time period (1-month BBSW) is hedged as this represents the largest component of changes in future expected cash flows.

24. Derivatives (continued)

MATURITY PROFILE

The following table shows the maturity profile of hedging instruments based on their notional amounts:

	2025				2024			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Interest rate swaps	100.0	-	-	100.0	50.0	100.0	-	150.0

FAIR VALUE MEASUREMENT OF THE HEDGED ITEMS

The balance of the cash flow hedge reserve, which represents the effective portion of the movements in the hedging instrument, is presented in note 25. The movements in hedging instruments recognised in other comprehensive income are reported in the Group's Statement of Profit or Loss and Other Comprehensive Income.

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

The following table shows the carrying amount of hedged items that are in hedged relationships, and the fair value of the hedging instruments in the hedging relationship. Loans and advances are held at amortised cost and do not include fair value adjustments. The Group does not hedge its entire exposure to a class of financial instruments, therefore the carrying amounts below do not equal the total carrying amount disclosed in other notes.

	2025		2024	
	Carrying Amount	Fair value of hedging instrument	Carrying Amount	Fair value of hedging instrument
	\$M	\$M	\$M	\$M
Loans and advances – variable rate	100.0	(0.2)	150.0	(1.6)

25. Reserves

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
General reserve	48.0	47.9	48.0	47.9
Redeemed member share reserve	0.5	0.5	0.5	0.5
Asset revaluation reserve	1.1	1.1	1.1	1.1
Equity investment revaluation reserve	5.5	3.7	5.5	3.7
Business combination reserve	5.9	5.9	7.0	7.0
Cashflow hedge reserve	(0.1)	(1.1)	(0.1)	(1.1)
Total reserves	60.9	58.0	62.0	59.1

REDEEMED MEMBER SHARE RESERVE

The redeemed Member share reserve represents the value of redeemable preference shares redeemed since 1 July 1999. This is the value of these shares paid to Members and the balance of the account represents the amount of profit appropriated to the account. Share redemptions must be funded from profits.

The movements in reserves during the financial year are set out below:

GENERAL RESERVE

The general reserve is a reserve created by the Board in accordance with the Constitution into which the Board may allocate funds. At the Board's discretion the funds in the general reserve may be used for the business of the Group subject that the funds must not be distributed to Members except upon the winding up of the Group.

	GROUP AND BANK	
	2025	2024
	\$M	\$M
Balance at beginning of year	47.9	47.9
Transfer to general reserve	0.1	-
Balance at end of year	48.0	47.9

ASSET REVALUATION RESERVE

The reserve is used to record gains resulting from the revaluation of the land held at fair value, in accordance with the accounting policy. Refer to note 16 for the land revaluation recorded during the financial year.

	GROUP AND BANK	
	2025	2024
	\$M	\$M
Balance at beginning of year	1.1	1.4
Revaluation of land	0.2	(0.4)
Tax effect of revaluation	(0.1)	0.1
Transfer to general reserve	(0.1)	-
Balance at end of year	1.1	1.1

Total gain/loss on asset revaluation reserve is \$Nil after tax (2024: \$0.3 million loss).

25. Reserves (continued)

EQUITY INVESTMENT REVALUATION RESERVE

The reserve is used to record gains and losses resulting from movement in the fair value of the Cuscal equity accounted investment held at FVTOCI. Refer to note 13 for detail on the equity investment.

	GROUP AND BANK	
	2025	2024
	\$M	\$M
Balance at beginning of year	3.7	3.2
Cumulative gain in equity transferred to retained earnings upon disposal of 50% of the investment in Cuscal	(4.4)	-
Changes in fair value of Cuscal investment for the year	8.8	0.7
Tax effect of revaluations	(2.6)	(0.2)
Balance at end of year	5.5	3.7

The total gain on the equity investment revaluation reserve is \$1.8 million after tax (2024: \$0.5 million).

BUSINESS COMBINATION RESERVE

The business combination reserve is used to record mergers with other mutual entities i.e. the excess of the fair value of the assets taken up over liabilities assumed is taken directly to equity as a reserve. Furthermore, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions within this reserve.

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Balance at beginning of year	5.9	7.0	7.0	7.0
Purchase of additional shares in Chelsea Wealth Management	-	(1.1)	-	-
Balance at end of year	5.9	5.9	7.0	7.0

On 21 July 2023 the Group acquired the remaining 20% shareholding in Chelsea Wealth Management Pty Limited for \$1.3 million (cash consideration paid), the amount by which the non-controlling interest is adjusted was \$0.2 million, resulting in a net amount of \$1.1 million recognised directly in equity and attributed to the members of the Group.

CASH FLOW HEDGE RESERVE

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

	GROUP AND BANK	
	2025	2024
	\$M	\$M
Balance at beginning of year	(1.1)	(1.9)
Changes in the fair value of cash flow hedges	1.4	1.1
Tax effect of revaluations	(0.4)	(0.3)
Balance at end of year	(0.1)	(1.1)

The total gain on the cash flow hedge reserve is \$1.0 million after tax (2024: \$0.8 million gain).

26. Dividends

No dividends have been paid during the financial year. The Directors do not recommend that a dividend be paid in respect of the financial year (2024: \$nil). Dividends received from Cuscal Limited are disclosed in note 4.

27. Financial risk management

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

- Credit risk
 - Lending
 - Counterparty credit risk
- Market risk
 - Interest rate risk
 - Equity investments
 - Liquidity risk
- Operational risk

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

Governance and the risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's Enterprise Risk Management Framework (ERMF). This responsibility includes approval of the ERMF, setting risk appetite and strategy, driving appropriate risk culture, monitoring, and managing within the stated appetite, aligning policies and processes with appetite, and ensuring that sufficient resources are dedicated to risk management. The Board has established a governance framework that identifies, manages, and reports on risk. This manifests as a Three Lines Model with business units and management as the first line, risk management and compliance functions as the second line and internal audit and the respective Board subcommittees as the third line.

The Board has established a Risk Committee and an Audit Committee to assist the Board with its responsibilities in overseeing the ERMF.

The Risk Committee assists the Board by:

- Providing reasonable assurance to the Board that core business goals and objectives are being achieved in an effective and efficient manner, within an appropriate framework of governance, risk management and internal control;
- Monitoring the adequacy, integrity and effectiveness of the internal control environment and risk management process;
- Reviewing processes established by management to ensure the requirements of APRA's Prudential Standards and the Corporations Act are being adhered to;
- Monitoring compliance with all other internal, regulatory, prudential, legal, adopted industry and ethical requirements and standards; and
- Forming a view of the risk culture of the Group.

27. Financial risk management (continued)

The Audit Committee assists the Board by:

- Providing reasonable assurance to the Board that core business goals and objectives are being achieved in an effective and efficient manner, within an appropriate framework of governance, risk management and internal control;
- Overseeing the integrity and quality of the Bank's financial reports and statements, including financial information provided to regulators and members;
- Monitoring the adequacy, integrity and effectiveness of the internal control environment and risk management process;
- Monitoring the effectiveness of the audit functions;
- Monitoring the effectiveness of the external audit functions; and
- Reviewing the processes established by management to ensure the requirements of APRA's Prudential Standards and the Corporations Act are being adhered to..

The Board Technological Transformation Committee (BTTC) assists the Board of Directors in discharging the Board's responsibilities as it relates to technology initiatives with a focus on strategic guidance, project management and delivery and financial management.

In addition to the Risk, Audit and Board Technological Transformation Committees, the Group has the following management committees for managing and reporting on risks:

- **Management Enterprise Risk Committee:** The Management Enterprise Risk Committee has the responsibility for managing and reporting credit risk exposure. Operational reports are scrutinised with exposures monitored against Board determined limits. The determination of the credit risk of loans in the banking book, ensuring provisioning is appropriate and also determines the adequacy of authorisation controls for new loans. This committee also monitors a range of enterprise risks, including but not limited to information security and regulatory obligations.
- **Asset, Liability, Product and Pricing Committee (ALPPCo):** The Asset, Liability, Product and Pricing Committee consists of Executives and Senior Leadership which meets monthly and has responsibility for product functionality and pricing, managing interest rate risk exposures, and ensuring that the Treasury and Finance functions adhere to exposure limits as outlined in the policies for interest rate and liquidity risk. The daily scrutiny of market risk reports is designed to ensure daily operations are in line with all required prudential standards and bank operating policies and intended to prevent any exposure breaches prior to the monthly review by ALPPCo.

27. Financial risk management (continued)

27.1 Credit risk

The credit risk of a financial institution is the risk that members, financial institutions, or other counterparties will be unable to meet their financial obligations to the institution resulting in financial loss. Credit risk arises principally from the Group's loans and advances and investments, which are managed using the Board-approved credit risk management framework.

27.1.1 LENDING

Carrying value is the value on the Statement of Financial Position. Maximum exposure is the value on the Statement of Financial Position plus "off Balance Sheet Position" undrawn facilities consisting of loans approved not advanced, redraw facilities, overdraft facilities, credit card limits and funds held in loan offset accounts. The Group's maximum exposure is as follows:

	GROUP & BANK 2025			GROUP & BANK 2024		
	Carrying Value	Undrawn Facilities	Maximum exposure	Carrying Value	Undrawn Facilities	Maximum exposure
	\$M	\$M	\$M	\$M	\$M	\$M
Home loans	2,155.4	81.3	2,236.7	1,963.7	66.3	2,030.0
Personal loans	64.0	0.5	64.5	60.4	0.5	60.9
Credit cards	13.3	26.3	39.6	14.3	26.3	40.6
Overdrafts	4.6	19.0	23.6	5.1	19.8	24.9
Total to households	2,237.3	127.1	2,364.4	2,043.5	112.9	2,156.4
Commercial loans	0.3	-	0.3	0.8	-	0.8
Total gross loans and advances	2,237.6	127.1	2,364.7	2,044.3	112.9	2,157.2

The risk of losses on loans is reduced through the nature and quality of security taken. note 14 describes the nature of the security held against the loans at balance date. All loans and facilities are within Australia. Geographical distribution is detailed in note 14.

Credit risk is managed through a structured framework of systems and controls including:

- Documented credit risk – lending principles that are disseminated to all staff involved in the lending process;
- Documented policies;
- Documented processes for approving and managing lending based on delegations; and
- A series of management reports detailing industry, geographic, and Loan to Value Ratio (LVR) concentrations, along with monitoring non-performing lending.

Documented policies have been endorsed by the Board to ensure that loans are only made to Members who are capable of meeting loan repayments.

Collateral securing loans

A sizeable portion of the loan book is secured against residential property in Australia. The Group is therefore exposed to the risk of reduction of the recoverable amount should residential property valuations be subject to a decline. Performance of the mortgage secured portfolio is managed and monitored against the proportion of loan balances in arrears.

Refer to note 14 for more details.

27. Financial risk management (continued)

27.1 Credit risk (continued)

27.1.2 COUNTERPARTY CREDIT RISK

The Group uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposures, where applicable, using the credit quality assessment scale in APRA Prudential Guidance APG 112. The credit quality assessment scale within this standard has been complied with. The table below indicates Standard and Poor's (Australia) Pty Ltd equivalent rating as determined by APRA's credit rating grade tables. Exposures may be rated by Standard and Poor's (Australia) Pty Ltd, Moody's Investors Service Incorporated or Fitch Ratings Ltd.

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

	GROUP 2025				GROUP 2024			
	Number of institutions invested with	Carrying Value	Provision for expected credit loss	Carrying Value Net of Provision	Number of institutions invested with	Carrying Value	Provision for expected credit loss	Carrying Value Net of Provision
Investment securities held with:		\$M	\$M	\$M		\$M	\$M	\$M
Government or Semi-Government	5	109.5	-	109.5	2	24.6	-	24.6
ADIs rated A-1 to A-1	1	20.8	-	20.8	1	20.8	-	20.8
ADIs rated A-2	6	39.6	(0.1)	39.5	9	69.0	(0.1)	68.9
ADIs rated A-3	0	-	-	-	0	-	-	-
ADIs rated AAA to AA-	5	173.6	(0.1)	173.5	3	126.4	(0.1)	126.3
ADIs rated A+ to A	4	55.2	-	55.2	6	133.6	(0.1)	133.5
ADIs rated BBB+ to BBB2-	6	46.5	-	46.5	7	47.6	-	47.6
ADIs unrated	0	-	-	-	0	-	-	-
Total	27	445.2	(0.2)	445.0	28	422.0	(0.3)	421.7

	GROUP	
	2025	2024
Residual maturity analysis	\$M	\$M
Up to 1 month	65.2	56.0
1 to 3 months	231.1	48.9
3 to 12 months	46.2	68.6
12 months to 5 years	102.7	248.5
Over 5 years	-	-
Less: Expected credit loss provision	(0.2)	(0.3)
	445.0	421.7

27. Financial risk management (continued)

27.1 Credit risk (continued)

27.1.2 COUNTERPARTY CREDIT RISK (CONTINUED)

	GROUP 2025				GROUP 2024			
	Number of institutions invested with	Carrying Value	Provision for expected credit loss	Carrying Value Net of Provision	Number of institutions invested with	Carrying Value	Provision for expected credit loss	Carrying Value Net of Provision
Deposits at call and cash at bank held with:		\$M	\$M	\$M		\$M	\$M	\$M
ADIs rated A-1 to A-1	2	30.0	-	30.0	2	37.1	-	37.1
Total	2	30.0	-	30.0	2	37.1	-	37.1

	GROUP	
	2025	2024
Residual maturity analysis	\$M	\$M
At call	30.0	37.1
Up to 1 month	-	-
1 to 3 months	-	-
Less: Expected credit loss provision	-	-
	30.0	37.1

27.2 Market risk

Market risk is the risk that adverse changes in prices, foreign exchange rates, interest rates and credit spreads of financial instruments will negatively impact the income and value derived from holding such instruments. The Group's activities are focused on granting loans, taking deposits, and investing in liquid assets and other ADI term deposits in Australian Dollars. The Group does not trade in the financial instruments it holds on its books.

The banking book has exposure to adverse changes to interest rates, which will negatively affect the Bank's profit in current and future periods derived from net interest income (interest earned less interest paid). This risk is known as Interest Rate Risk in the Banking Book (IRRBB).

The Bank operates a hold to maturity liquid portfolio and does not conduct any proprietary trading activities (buying and selling securities for short-term capital gains) or operate any trading books that expose it to any other form of market risk. Treasury manages Market Risk including IRRBB with oversight from ALPPCO.

27.2.1 INTEREST RATE RISK

Interest rate risk is the risk of changes to the fair value or future cash flows arising from financial instruments due to the changes in interest rates. Most banks are exposed to interest rate risk within their Treasury operations. The Group does not trade in financial instruments. Refer to note 24 for more details in relation to hedge accounting to mitigate interest rate risk.

27. Financial risk management (continued)

27.2 Market risk (continued)

27.2.1 INTEREST RATE RISK (CONTINUED)

The Group is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets and liabilities. The Interest Rate Risk in the Banking Book is measured monthly and reported to ALPPCo and to the Board monthly.

The level of mismatch on the banking book between fixed and variable interest rates is set out in the following table which displays the period that each asset and liability will reprice as at balance date:

	GROUP AND BANK 2025							Total
	Floating Rate	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Non-Interest Bearing	
Financial assets	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash and cash equivalents	64.3	-	-	-	-	-	0.9	65.2
Trade and other receivables	-	1.4	1.0	0.2	1.1	-	3.0	6.7
Investment securities	-	65.2	231.1	46.2	102.5	-	-	445.0
Equity Investments	-	-	-	-	-	-	9.8	9.8
Loans and advances	1,588.2	8.9	29.4	314.6	285.8	-	-	2,226.9
Total financial assets	1,652.5	75.5	261.5	361.0	389.4	-	13.7	2,753.6
Financial Liabilities								
Call Deposits	1,357.2	-	-	-	-	-	-	1,357.2
Term Deposits	-	395.5	84.4	215.3	29.4	-	-	724.6
Notional certificates of deposit	-	33.1	76.7	28.4	-	-	-	138.2
Floating rate notes	-	-	195.0	-	-	-	-	195.0
Wholesale Term Deposit Funding	-	8.0	6.0	57.8	-	-	-	71.8
Trade and other payables	-	-	-	-	-	-	20.8	20.8
Derivative liability	-	-	-	0.2	-	-	-	0.2
Total financial liabilities – on balance sheet	1,357.2	436.6	362.1	301.7	29.4	-	20.8	2,507.8
Undrawn loan commitments – not recognised	-	-	-	-	-	-	127.1	127.1
Total financial liabilities	1,357.2	436.6	362.1	301.7	29.4	-	147.9	2,634.9

27. Financial risk management (continued)

27.2 Market risk (continued)

27.2.1 INTEREST RATE RISK (CONTINUED)

	GROUP AND BANK 2024							Total
	Floating Rate	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Non-Interest Bearing	
Financial assets	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash and cash equivalents	79.6	-	-	-	-	-	0.9	80.5
Trade and other receivables	-	1.2	1.0	0.1	1.1	-	1.3	4.7
Investment securities	-	56.0	48.9	68.6	248.2	-	-	421.7
Equity Investments	-	-	-	-	-	-	9.2	9.2
Loans and advances	1,314.3	34.7	40.5	89.2	554.5	-	-	2,033.2
Total financial assets	1,393.9	91.9	90.4	157.9	803.8	-	11.4	2,549.3
Financial Liabilities								
Call Deposits	1,288.2	-	-	-	-	-	-	1,288.2
Term Deposits	-	363.3	68.1	194.0	32.9	0.2	-	658.5
Negotiable certificates of deposit	-	39.5	67.1	31.3	-	-	-	137.9
Floating rate notes	-	-	-	-	120.0	-	-	120.0
Wholesale Term Deposit Funding	-	42.6	20.2	38.1	-	-	-	100.9
Trade and other payables	-	-	-	-	-	-	14.4	14.4
Derivative liability	-	-	-	0.2	1.4	-	-	1.6
Total financial liabilities - on balance sheet	1,288.2	445.4	155.4	263.6	154.3	0.2	14.4	2,321.5
Undrawn loan commitments - not recognised	-	-	-	-	-	-	112.9	112.9
Total financial liabilities	1,288.2	445.4	155.4	263.6	154.3	0.2	127.3	2,434.4

Management of Interest Rate Risk in the Banking Book

The Group utilises Change in the Economic Value of Equity (Δ EVE) and Change in Net Interest Income (Δ NII) as its primary IRRBB metrics. The change in Economic Value of Equity (Δ EVE) focuses on the risk to net worth (Police Bank's Capital) arising from all repricing mismatches and other interest rate sensitive positions over the long term. The change in Net Interest Income (Δ NII) measures the changes in Net Interest Income (earnings) and focuses on the impact of changes in interest rates on earnings in the near term.

Interest Rate Sensitivity

The Group's exposure to market risk is measured and monitored using interest rate sensitivity models. The policy of the Group to manage the risk is to monitor on a monthly basis the changes to maturity profiles within its deposit base and changes in the underlying portfolio mix to ensure that such changes will not have an unacceptable adverse outcome to the Group. The policy of the Group is to use derivatives to hedge against adverse consequences of interest rate risk. The Group's exposure to interest rate risk is set out in the table at (ii) Interest Rate Risk in the Banking Book, which details the contractual interest change profile.

Economic Value of Equity (Δ EVE) and the change in Net Interest Income (Δ NII), is subjected to a 100bp parallel shock. NII is a simple approximation of expected changes in earnings levels based on the same notional repricing cash flow data as used for the EVE approach and can be interpreted as a continuation of the EVE method for the short term. In this approach, the accumulated effect of an interest rate shock on net interest income (NII) up to a time horizon of one year is calculated and reported as a change to the base case (Δ NII).

27. Financial risk management (continued)

27.2 Market risk (continued)

27.2.1 INTEREST RATE RISK (CONTINUED)

Based on the calculations as at 30 June 2025

- A change to the Economic Value of Equity from a +100bp shock (Δ EVE) is -1.90% of capital (2024: -2.86%). The Δ NII impact of a shock is a \$5.2 million change in net interest income (2024: \$4.5 million).
- A change to the Economic Value of Equity from a -100bp shock (Δ EVE) is 2.02% of capital (2024: 3.00%). The Δ NII impact of a shock is -\$4.1 million change in net interest income (2024: -\$2.7 million).

Both metrics were within risk appetite of the Group and being actively managed and monitored.

The method used in determining the sensitivity is to evaluate the profit based on the timing of the interest repricing on the banking book of the Bank for the next twelve months. In performing the calculation, the assumptions applied are that:

- The interest rate change is applied equally over the loan products and term deposits;
- The rate change is as at the beginning of the twelve month period and no other rate changes are effective during the period;
- The term deposits all reprice to the new interest rate at the term maturity, or are replaced by deposits with similar terms and rates applicable;
- Savings deposits do not reprice in the event of a rate change
- Fixed rate loans all reprice to the new interest rate at the contracted date
- Variable rate mortgage loans all reprice to the new interest rate in one month;
- Personal loans reprice at the contracted maturity date
- All loans are repaid in accordance with the current average repayment rate (or contractual repayment terms)
- The value and mix of call savings to term deposits is unchanged; and
- The value and mix of personal loans to mortgage loans is unchanged.

The Group adopted a Zero Floor rate for Savings and Term Deposit products in its IRRBB assumptions which is market standard for financial institutions of similar size and complexity.

27.2.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to efficiently meet both expected and unexpected current and future cash flow commitments without negatively affecting the Group's daily operations or its financial condition. Board policies require the maintenance of adequate cash reserves and committed credit facilities to meet the member withdrawal demands and other creditor commitments when requested, as well as appropriate forecasting and stress testing procedures.

The Group manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities;
- Monitoring the prudential liquidity ratio daily;
- Holding repo-eligible securities that may be used as collateral when borrowing from the Reserve Bank of Australia; and
- Maintaining a securitisation trust, which issued notes, to hold mortgage rights that may be provided as collateral should the Bank borrow from the Reserve Bank of Australia.

27. Financial risk management (continued)

27.2 Market risk (continued)

27.2.2 LIQUIDITY RISK (CONTINUED)

The Group is subject to the Minimum Liquidity Holdings (MLH) approach under Prudential Standard APS 210 and as such is not required to adopt the Liquidity Coverage Ratio (LCR) or Net Stable Funding Ratio (NSFR) measures. The Group is required to maintain a minimum MLH ratio of 9% (2024: 9%) of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours.

The Group is subject to the Minimum Liquidity Holdings (MLH) approach under Prudential Standard APS 210 and as such is not required to adopt the Liquidity Coverage Ratio (LCR) or Net Stable Funding Ratio (NSFR) measures. The Group is required to maintain a minimum MLH ratio of 9% (2024: 9%) of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours.

Maturity profile of financial assets and liabilities

Monetary assets and liabilities have differing maturity profiles depending on their contractual term, and in the case of loans, the repayment amount and frequency.

The following table shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained and is subject to change in the event that current repayment conditions are varied. The amounts disclosed in the table are the contractual undiscounted cash flows, allocated to time bands based on the earliest date on which the Group can be required to pay. For interest rate swaps the cash flow has been estimated using forward interest rates applicable at the end of the reporting period.

	GROUP AND BANK 2025						
	No maturity	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Total
Financial assets	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash and cash equivalents	-	65.2	-	-	-	-	65.2
Trade and other receivables	-	5.8	0.4	0.5	-	-	6.7
Investment securities	-	46.1	39.7	90.4	258.7	10.1	445.0
Equity investment	9.8	-	-	-	-	-	9.8
Loans and advances	-	65.6	29.5	113.7	421.7	1,596.4	2,226.9
Total financial assets	9.8	182.7	69.6	204.6	680.4	1,606.5	2,753.6
Financial Liabilities							
Call Deposits	-	1,357.2	-	-	-	-	1,357.2
Term Deposits	-	395.5	84.4	215.3	29.4	-	724.6
Notional certificates of deposit	-	65.3	46.5	26.4	-	-	138.2
Floating rate notes	-	-	-	55.0	140.0	-	195.0
Wholesale Term Deposit Funding	-	8.0	30.0	33.8	-	-	71.8
Trade and other payables	-	10.1	-	10.7	-	-	20.8
Derivative liability	-	-	-	0.2	-	-	0.2
Total financial liabilities - on balance sheet	-	1,836.1	160.9	341.4	169.4	-	2,507.8
Undrawn loan commitments - not recognised	-	-	-	127.1	-	-	127.1
Total financial liabilities	-	1,836.1	160.9	468.5	169.4	-	2,634.9

27. Financial risk management (continued)

27.2 Market risk (continued)

27.2.2 LIQUIDITY RISK (CONTINUED)

	GROUP AND BANK 2024						Total
	No maturity	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	
Financial assets	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash and cash equivalents	-	80.5	-	-	-	-	80.5
Trade and other receivables	-	2.6	1.6	0.5	-	-	4.7
Investment securities	-	56.0	48.9	68.6	248.2	-	421.7
Equity investment	9.2	-	-	-	-	-	9.2
Loans and advances	-	65.6	27.8	99.4	374.4	1,466.0	2,033.2
Total financial assets	9.2	204.7	78.3	168.5	622.6	1,466.0	2,549.3
Financial Liabilities							
Call Deposits	-	1,288.2	-	-	-	-	1,288.2
Term Deposits	-	363.3	68.1	194.0	32.9	0.2	658.5
Notional certificates of deposit	-	39.5	67.1	31.3	-	-	137.9
Floating rate notes	-	-	-	-	120.0	-	120.0
Wholesale Term Deposit Funding	-	42.6	20.2	38.1	-	-	100.9
Trade and other payables	-	14.4	-	-	-	-	14.4
Derivative liability	-	-	-	0.2	1.4	-	1.6
Total financial liabilities - on balance sheet	-	1,748.0	155.4	263.6	154.3	0.2	2,321.5
Undrawn loan commitments - not recognised	-	-	-	112.9	-	-	112.9
Total financial liabilities	-	1,748.0	155.4	376.5	154.3	0.2	2,434.4

27. Financial risk management (continued)

27.3 Operational risk

The Management Enterprise Risk Committee is responsible for managing and reporting on Enterprise Risk across the Group, including Operational Risk. Operational risk is the risk of loss resulting from inadequate or failed processes, personnel, technology and infrastructure, and from external factors. It includes legal risk but excludes strategic and reputational risk. Operational risk can occur at every level in an organisation. The seven key types of operational risks are: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practice; damage to physical assets; business disruption and system failures; and execution delivery and process management.

The Group's objective is to manage operational risk so as to balance the avoidance of financial loss through the application of controls whilst avoiding procedures that inhibit innovation and creativity. These controls are managed through the application of policies, processes, and systems to minimise the likelihood and impact of risk events. Some of these controls are:

Segregation of duties;

- Documentation of policies and procedures, employee job descriptions and responsibilities;
- Whistleblowing policies;
- Effective dispute resolution procedures;
- Effective insurance arrangements; and
- Contingency plans for dealing with loss of systems and premises, and data/systems protection.

The Group has implemented an Enterprise-wide Risk Policy which operationalises the Risk Management framework, and includes risk identification, measurement, evaluation, monitoring and reporting processes where the Board and senior management identify key risks using a 'top down' approach and business units identify risks using a 'bottom up' approach. The Risk Management Framework is underpinned by a culture of individual accountability and responsibility based on a Three Lines Model. This is represented at an operational level through business units and Management as the first line, designated risk and compliance functions as the second line, and through internal audit, external audit, and the respective Board subcommittees as the third line.

Compliance

The Group has a compliance program, requiring regular reviews of policies, procedures, and reporting to ensure compliance with legal requirements and Prudential Standards.

Fraud

The Group has systems, policies and processes in place that are considered to be robust enough to prevent and/or detect material fraud.

Outsourcing arrangements

The Group has arrangements with other organisation's to facilitate the supply of services to Members.

Cuscal Limited

Cuscal Limited is an ADI that supplies settlement, transaction processing, card, interchange, and other services to other organisations including banks, credit unions and building societies. The company provides:

- Settlement services for member cheques, Electronic Funds Transfer (EFT), EFTPOS, ATM, Direct Entry, BPAY, NPP, Mobile Banking and Visa card transactions and real-time gross settlement system (RTGS) payments;
- Facilitates switching activities to link Visa cards operated through Redi ATMs and other approved ATM providers to the Group's computer systems; and
- Manages the supply of Visa Cards and provides Fraud Monitoring services for card transactions

Ultradata Australia Pty Limited

Ultradata Australia Pty Limited provides and maintains the share registry and core banking software utilised by the Group.

27. Financial risk management (continued)

27.3 Operational risk (continued)

Capital Management

Capital levels are managed to ensure compliance with APRA's requirements. Those requirements encompass a framework of three pillars:

- Pillar 1 – minimum capital requirements, including a specific capital charge for operational risk;
- Pillar 2 – enhanced supervision of capital management including the application of an internal capital adequacy assessment process; and
- Pillar 3 – more extensive disclosure requirements.

Pillar 1

Capital is measured as prescribed by APRA's prudential standards. These standards act to deliver capital requirements in respect of credit risk, market risk and operational risk.

Credit risk

Credit risk is measured using the Standardised Approach in Prudential Standards APS112. The capital charge attached to each asset is based on weightings prescribed in Australian Prudential Standards.

Market risk

The Group is not required to allocate capital against market risk as no trading activity is undertaken and the Standardised Approach does not result in any allocation against interest rate risk in the banking book.

Operational risk

Operational risk is measured using the Standardised Approach defined in Prudential Standard APS 114. The operational risk capital requirement is calculated by mapping the Group's three-year average net interest income and net non-interest income to the Bank's various business lines.

Cyber risk

The Group is required to meet APRA's prudential standard CPS 234 Information Security and has a cybersecurity framework based on National Institute of Standards and Technology (NIST) that facilitates the preservation of information assets, confidentiality, integrity and availability. The term information assets means information and information technology, including software, hardware, and data (both soft and hard copy)

Capital Management

The Group's operational risk capital requirement is 10% (2024: 10%) of risk weighted assets calculated in accordance with APS 110 Capital Adequacy.

Tier 1 Capital

The majority of Tier 1 capital consists of Common Equity Tier 1 capital.

Tier 2 Capital

Tier 2 capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments but exhibit some of the loss absorption and funding flexibility features of equity. There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital resources as set by APRA. Refer to the following table for details of what makes up the Tier 2 capital.

	2025	2024
Tier 1	\$M	\$M
Tier 1 common equity	242.2	229.9
Less: prescribed deductions	(15.7)	(9.2)
Net tier 1 capital	226.5	220.7
Tier 2 capital	8.3	9.2
Total capital	234.8	229.9

27. Financial risk management (continued)

27.3 Operational risk (continued)

The Group has a minimum Prudential Capital Requirement (PCR) requirement of 10.5% excluding regulatory buffers, as compared to the risk weighted assets at any given time. The ratio is calculated by adding Net tier 1 capital and Tier 2 capital divided by risk weighted assets. The capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets.

The capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets. The Group manages capital through reviewing the ratio monthly and monitoring major movements in asset levels. The Group's policy requires reporting to the Board and the regulator if the capital ratio falls below 14.5%. Further, a 5-year capital projection is maintained to assess how strategic decisions or trends may impact on the level of capital.

The capital ratio at the end of the financial year over the past 5 years is as follows

2025	2024	2023	2022	2021
22.62%	23.33%	21.64%	18.58%	19.24%

Pillar 2

Pillar 2 of the Prudential framework relates to any risk factor to which an ADI might be exposed that is not included in Pillar 1. These risks fall into 3 categories:

Pillar 1 risks not fully captured by the Pillar 1 process, for example credit concentration risk.

Inherent risks not covered by Pillar 1, including

- Interest rate risk in the banking book;
- Liquidity risk; and
- Strategic risk.

Risks arising from external factors such as business cycles effects and the macroeconomic environment.

In relation to these risks, the major measurements for additional capital are recognised by monitoring and stress testing for:

- Asset impairment – the impact of economic and employment factors on the loan losses, and/or recovery of investments.
- Property value decline – the impact on property values declining and the related exposure to higher capital required to recognise potential losses or risk weight on assets
- Interest rate risk – the impact on capital from changes in interest rates impacting the net interest margin and net surplus; and
- Events impacting on additional costs of retention of liquid funds and exercising available liquidity drawdown facilities

Internal Capital Adequacy Management

The Group manages its internal capital levels for both current and future activities through a combination of committees. The outputs of the individual committees are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Bank's forecasts for asset growth, or unforeseen circumstances is assessed by the Board. Management then updates the forecast capital resources models produced and the impact upon the overall capital position of the Bank is reassessed.

28. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date.

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 – quoted prices (unadjusted) in active markets for identical instruments

Level 2 – valuation techniques for which all significant inputs are based on observable market data.

Level 3 – valuation techniques for which all significant inputs are not based on observable market data.

When applicable, the fair value of an instrument is calculated using the quoted price in an active market for that instrument. A market is regarded as active if all transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments, fair values are determined using other techniques.

If the input used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 30 June 2025 and 2024 there were no transfers between levels, except for the investment in Cuscal that is measured at fair value on a recurring basis and was transferred between levels of the hierarchy as noted below:

Transfer from Level 3 to Level 1

Since 25 November 2025 the Group revalued its investment in Cuscal Limited using level 1 fair value inputs which are based on Cuscal's closing share price quoted per the ASX on the day last trading day of each month. Prior to this date, fair value had been determined using level 3 observable fair value techniques based on available audited financial statements. Refer to note 13 for more information.

Methodologies and assumptions

Fair values have been determined for measurement and/or disclosure purposes based on the following methodologies and assumptions.

Financial instruments carried at fair value

The Group's investment in Cuscal is considered a level 1 under the fair value measurement hierarchy.

For interest rate swaps – the present value of the estimated future cash flows based on observable yield curves. The cash flow hedge derivatives are considered level 2 under the fair value measurement hierarchy.

Financial instruments carried at amortised cost

- **Cash and cash equivalents, trade and other receivables and trade and other payables:** These are measured at amortised cost and maturing within 12 months. The carrying value approximates their fair value as they are short term in nature and therefore considered level 1 under the fair value hierarchy.
- **Investment securities:** The fair value of investments at amortised cost was calculated using the effective interest rate method. The amortised cost carrying value approximates fair value and they are considered level 2 under the fair value measurement hierarchy.
- **Loans and advances:** The carrying value of loans, advances and other receivables is net of specific provisions for impairment. These are carried at amortised cost. They are considered level 3 under the fair value measurement hierarchy.
- **Deposits and borrowings:** These are carried at amortised cost and the amortised cost carrying value approximates fair value. Given the nature, the liabilities are determined to be a level 2 under the fair value hierarchy.

Financial assets and liabilities carried at fair value

The following tables reflect the carrying amount and fair value of financial assets and financial liabilities measured at fair value under AASB 9 Financial Instruments, including their levels in the fair value hierarchy.

28. Fair value of financial assets and liabilities (continued)

GROUP & BANK 2025						
		Carrying Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
	note	\$M	\$M	\$M	\$M	\$M
Equity investments	13	9.8	9.8	-	-	9.8
Total financial assets at fair value		9.8	9.8	-	-	9.8
Derivatives – interest rate swaps	25	0.2	-	0.2	-	0.2
Total financial liabilities at fair value		0.2	-	0.2	-	0.2

GROUP & BANK 2024						
		Carrying Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
	note	\$M	\$M	\$M	\$M	\$M
Equity investments	13	9.2	-	-	9.2	9.2
Total financial assets at fair value		9.2	-	-	9.2	9.2
Derivatives – interest rate swaps	25	1.6	-	1.6	-	1.6
Total financial liabilities at fair value		1.6	-	1.6	-	1.6

Financial assets and liabilities carried at amortised costs

The following tables reflect the carrying amount and fair value of financial assets and financial liabilities measured at amortised cost under AASB 9 Financial Instruments, including their levels in the fair value hierarchy. The carrying values of certain on-balance sheet financial instruments measured at amortised cost which also approximate fair values are not included in the table below.

GROUP & BANK 2025						
		Carrying Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
	note	\$M	\$M	\$M	\$M	\$M
Investment securities	12	445.0	-	449.7	-	449.7
Loans and advances (gross)	14	2,237.6	-	-	2,252.1	2,252.1
Total financial assets at amortised cost		2,682.6	-	449.7	2,252.1	2,701.8
Deposits	19	2,094.6	-	2,094.6	-	2,094.6
Borrowings	20	407.9	-	407.9	-	407.9
Total financial liabilities at amortised cost		2,502.5	-	2,502.5	-	2,502.5
GROUP & BANK 2024						
		Carrying Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
	note	\$M	\$M	\$M	\$M	\$M
Investment securities	12	421.7	-	424.5	-	424.5
Loans and advances (gross)	14	2,044.3	-	-	2,044.1	2,044.1
Total financial assets at amortised cost		2,466.0	-	424.5	2,044.1	2,468.6
Deposits	19	1,958.7	-	1,958.7	-	1,958.7
Borrowings	20	362.4	-	362.4	-	362.4
Total financial liabilities at amortised cost		2,321.1	-	2,321.1	-	2,321.1

29. Standby credit facilities

The Group has the following standby credit facilities

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Cuscal overdraft facility	4.0	4.0	4.0	4.0
Amount drawn	-	-	-	-
Total facilities available	4.0	4.0	4.0	4.0

The Group has an overdraft facility with Cuscal and maintains a security deposit of \$20.8 million (2024: \$20.8 million) with Cuscal to secure this facility and settlement services (refer to note 12). No other form of security is provided by the Group.

30. Key management personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

NON-EXECUTIVE DIRECTORS	POSITION
Peter Remfrey	Chair, Non-executive Director
Robert Redfern	Deputy Chair, Non-executive Director
Colin Dyson	Non-executive Director
Patrick Gooley	Non-executive Director
David Hudson	Non-executive Director
Justine Saunders	Non-executive Director
Joanna Bushby	Non-executive Director
Sarv Girn	Non-executive Director
EXECUTIVE OFFICERS	POSITION
Greg McKenna	Chief Executive Officer
Dr. Leanne Ward	Chief Financial Officer
Danni Martin	Chief People Officer
Rayna Heckenberg	Chief Risk Officer
Nicholas Tseros	Chief Member Officer
Lyndall Rose	Chief Information Officer
Amanda Rohl	Chief Marketing and Product Officer

The named persons held their current position for the whole of the financial year and since the end of the financial year.

30. Key management personnel (continued)

Remuneration of key management personnel

Key management personnel compensation was as follows:

	GROUP & BANK 2025			GROUP & BANK 2024		
	Directors	Other KMP	Total	Directors	Other KMP	Total
	\$M	\$M	\$M	\$M	\$M	\$M
Short-term employee benefits	0.7	3.0	3.7	0.7	2.7	3.4
Post-employment benefits	0.1	0.2	0.3	0.1	0.2	0.3
Other long-term benefits	-	0.1	0.1	-	-	-
Termination benefits	-	-	-	-	0.1	0.1
Share-based payment	-	-	-	-	-	-
	0.8	3.3	4.1	0.8	3.0	3.8

Short term benefits are salaries and wages, paid annual leave and sick leave, bonuses and the value of fringe benefits received. Post-employment benefits are payments to defined contribution superannuation plans. Other long-term benefits are the net increase in the long service leave provision.

All remuneration to directors were approved by members at the previous Annual General Meeting held on 28 November 2024.

Share options granted to key management personnel

No employee share options have been granted during the year (2024: nil)

Transactions with key management personnel

The Group's key management personnel are the individuals responsible for planning, controlling, and managing the Group, being the non-executive directors, Chief Executive Officer, and the Executive Leadership Team.

Loans to key management personnel

The Group has provided several key management personnel with loans at rates comparable to the average commercial rate of interest. The loans to key management personnel are secured.

The following table outlines aggregate amounts in respect of loans made to key management personnel of the Group.

	GROUP & BANK 2025			GROUP & BANK 2024		
	Mortgages – secured	Other term loans	Revolving credit facilities	Mortgages – secured	Other term loans	Revolving credit facilities
	\$M	\$M	\$M	\$M	\$M	\$M
Funds available to be drawn	0.9	-	-	0.9	-	-
Balance	6.4	-	-	5.2	-	-
Funds advanced	3.3	-	-	-	-	-
Interest and other revenue earned	0.2	-	-	0.2	-	-

All loans disbursed were approved in accordance with standard lending policies for each class of loan. No benefits or concessional terms and conditions are applicable to close family members of key management personnel. No loans to directors, other key management personnel, or their close family relatives are impaired.

30. Key management personnel (continued)

Other transactions with key management personnel

Other transactions with key management personnel include deposits and interest paid on deposits.

The total value of these transactions was as follows:

	GROUP AND BANK	
	2025	2024
Term and Savings Deposits	1.6	1.8

The Group's policy for receiving deposits from key management personnel is that all transactions are approved, and deposits accepted on the same terms and conditions which apply to members for each type of deposit.

Transactions with other related parties

Transactions with related parties include deposits from director-related entities and other key management personnel. The Group's policy for receiving deposits from related parties is that all transactions are approved and accepted on the same terms and conditions which apply to members. There are no benefits paid or payable to close family members of the directors and other key management personnel. There are no service contracts to which key management personnel are an interested party.

31. Remuneration of auditor

	GROUP		BANK	
	2025	2024	2025	2024
Audit services	\$'000	\$'000	\$'000	\$'000
Audit of financial statements - Group and controlled entities				
Total remuneration for audit services	265	200	265	200
Assurance services				
Other statutory assurance services				
Total remuneration for assurance services	92	103	92	103
Other non-audit services				
Taxation services	127	87	127	87
Other services	29	-	29	-
Total remuneration for other non-audit services	156	87	156	87
Total remuneration of audit, assurance and other services	513	390	513	390

The auditor of the Group is Deloitte Touche Tohmatsu.

The Audit Committee has considered the non-audit services provided by the auditor and is satisfied that the services and the level of fees are compatible with maintaining auditors' independence. All such services were approved in accordance with pre-approved policies and procedures.

Other statutory assurance services relate to engagements required under prudential standards and other legislative or regulatory requirements.

Other non-audit services consist of tax compliance and agreed-upon procedures.

32. Commitments

OUTSTANDING LOAN COMMITMENTS

The outstanding loan commitments shown in the table below constitute contingent assets. These commitments would be classified as loans and advances in the Statement of Financial Position should they be drawn upon by the member.

	GROUP AND BANK	
	2025	2024
Outstanding loan commitments	\$M	\$M
Loans approved but not funded	74.3	58.5
Undrawn credit commitments	45.2	46.0
Loans available for redraw	7.6	8.4
Total commitments	127.1	112.9

MATERIAL SERVICE CONTRACT COMMITMENTS

Commitments arise from material service contracts, which have been contracted for at balance date but not recognised in the Statement of Financial Position.

The Group has contracts with Ultradata Australia Pty Limited provision of the Bank's application software and associated support services. Furthermore, various agreements for software and related hosting services. The balance of fees payable under these contracts are payable over the following periods:

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Within 1 year	3.5	5.4	3.5	5.4
1 to 2 years	1.3	4.2	1.3	4.2
2 to 5 years	-	6.5	-	6.5
Greater than 5 years	4.7	-	4.7	-
Total commitments	9.5	16.1	9.5	16.1

33. Cash flow information

CASH FLOWS FROM OPERATING ACTIVITIES

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

	GROUP		BANK	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Net profit for the year	4.5	9.2	4.2	8.7
CGT on FVOCI through retained earnings	(1.9)	-	(1.9)	-
Adjustments for:				
Bad debts written off	0.3	0.2	0.3	0.2
Depreciation and amortisation	1.1	1.3	1.1	1.3
Premium / discount amortisation	(0.6)	-	(0.6)	-
Changes in operating assets and liabilities:				
(Increase) / decrease in trade and other receivables	(2.0)	2.0	(2.0)	2.0
(Increase) / decrease in other assets	(0.3)	0.8	(0.4)	0.9
Increase / (decrease) in current tax payable	2.7	(1.7)	2.7	(1.7)
Decrease in current tax receivable	0.4	(0.4)	0.5	(0.5)
Increase in net deferred tax assets	(1.3)	(3.1)	(1.3)	(3.1)
Increase in trade and other payables	6.4	2.6	6.5	2.7
Increase in provisions	3.7	(0.1)	3.7	(0.1)
(Increase)/decrease in expected credit loss provision	(0.3)	1.0	(0.3)	1.0
Increase in gross loans and advances	(193.3)	(57.4)	(193.3)	(57.4)
Decrease in unamortised loan origination fees	(0.1)	-	(0.1)	-
Increase in deposits	136.0	20.5	136.0	20.1
Decrease in accrued interest on borrowings	(0.7)	-	(0.7)	-
Net cash outflows from operating activities	(45.4)	(25.1)	(45.6)	(25.9)

CASH FLOWS PRESENTED ON A NET BASIS

Cash flows arising from loan advances and repayments, member deposits and withdrawals, member shares issued and redeemed, and borrowings drawn and repaid are presented on a net basis in the statement of cash flows.

CASH FLOWS FROM FINANCING ACTIVITIES

The net cash inflows from financing activities is reconciled in the Consolidated Statement of Cash Flows.

34. Contingent liabilities

CONTINGENCIES

As at 30 June 2025, the Group has no material contingent liabilities or assets which need to be disclosed (2024: Nil).

LEGAL DISPUTES AND CLAIMS

As disclosed in note 21 an amount has been recognised that the Group believes may be payable to expeditiously resolve a contractual dispute with a supplier. The information usually required by Australian Accounting Standards is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the contractual dispute. There were no other current disputes or claims made against the Group (2024: Nil).

35. Financial reporting by segments

The Group only has one major business and operating segment being 'Retail Banking'. The principal activities of the Group are confined to the raising of funds and the provision of finance for housing, consumer lending and business banking. For the purpose of performance evaluation, risk management and resource allocation, the decisions are based predominantly on the key performance indicators at the Group level.

The Group operates in one geographical segment which is the Commonwealth of Australia. There are no material identifiable segments to report. No single customer contributes revenue greater than 10% of the Group's revenues.

36. Subsequent events occurring after the reporting date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

37. Entity details

The registered office of the Group is:

Police Bank Limited
25 Pelican Street
Surry Hills, NSW, 2010.

38. Authorisation of financial statements

The financial report for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the Directors on 28 October 2025.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

The table below includes consolidated entity information required by section 295 of the Corporations Act 2001 (Cth):

Entity Registered Name	Entity Type	Place formed or incorporated	% of share capital held	Tax residency	
				Australian or foreign	Foreign jurisdiction
Police Bank Limited	Body Corporate	Australia	100%	Australian	N/A
PB Trust 2022-1R	Trust	Australia	N/A	Australian	N/A
Chelsea Wealth Management Pty Limited	Body Corporate	Australia	100%	Australian	N/A

There are no partnerships or joint ventures within the consolidated entity. Furthermore, none of the above entities was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2025

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that Police Bank Limited and its Controlled Entities will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of Police Bank Limited and its Controlled Entities' financial position and performance;
- d) the directors have been given the declarations required by s.295A of the Corporation Act 2001; and
- e) in the directors' opinion, the attached Consolidated Entity Disclosure Statement is true and correct.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors



Peter Remfrey
Director, Chair
Sydney, 28 October 2025



Robert Redfern
Director, Deputy Chair
Sydney, 28 October 2025

Independent Auditor's Report to the Members of Police Bank Limited

Report on the Audit of the Financial Reports

Opinion

We have audited the financial reports of Police Bank Limited (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's statements of financial position as at 30 June 2025, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the Consolidated Entity Disclosure Statement and the directors' declaration.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group and the Company's financial position as at 30 June 2025 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group and Company's annual report and Director's report for the year ended 30 June 2025 but does not include the annual financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Responsibilities of the Directors for the Financial Reports

The directors are responsible:

- For the preparation of the financial reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and the Company in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group and the Company, and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Tom Bottomley-Mason

Partner

Chartered Accountants

Sydney, 28 October 2025

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Surry Hills
Sydney NSW 2010

policebank.com.au

