Police Bank CPS 511 Disclosure Statement

This disclosure statement outlines Police Bank's remuneration practices as required under Prudential Standard CPS 511 for the financial year ending 30 June 2026, published in compliance with APRA's requirements.

1. Introduction

Police Bank Ltd and its subsidiaries (the Bank or the Company) are committed to providing competitive, fair and equitable remuneration that aligns with our strategic goals, attracts, motivates and retains top talent, and drives high performance, while ensuring legal and regulatory compliance and effective management of non-financial and financial risk.

This commitment is supported by the Remuneration Policy which outlines the framework, principles and practices governing how employees are compensated, and complies with the obligations of the Australian Prudential Regulation Authority (APRA). The Board Governance and Remuneration Committee (BGRC) assists the Board to oversee the implementation and review of this Policy in accordance with the BGRC's Terms of Reference.

This disclosure statement outlines Police Bank's remuneration practices as required under Prudential Standard CPS 511 for the financial year ending 30 June 2026 (Financial Year 2026).

2. Governance

Each year, the CEO will submit Executive Leadership Team (ELT) and any Accountable Person's fixed and variable remuneration recommendations to the BGRC for consideration. The BGRC held three meetings during Financial Year 2026, with the Board retaining overriding discretion to adjust or reduce remuneration for all employees, including to nil, and any such decisions to be documented in the BGRC resolutions and meeting minutes. The Chief Executive Officer (CEO) is responsible for upholding the Remuneration Policy as approved by the Board, including reviewing performance and risk outcomes in conjunction with the Chief People Officer (CPO) and Chief Risk Officer (CRO) to ensure remuneration outcomes are proportionate with both financial and non-financial risk performance.

3. Design and structure

The purpose of this statement is to summarise Police Bank's Remuneration Policy in relation to:

1. Maintaining a Remuneration Framework that promotes effective management of both financial and non-financial risks;
2. Attracting, motivating and retaining capable talent to deliver the Bank's strategic vision and drive growth within the limits of the Bank's Constitution while maintaining financial stability and prudent management;
3. Ensuring fairness, consistency and equity in remuneration practices;
4. Aligning employee remuneration with the Bank's culture, values, strategic goals and objectives;
5. Encouraging behaviour that supports the Bank's long term financial soundness and risk appetite;
6. Complying with all legal and regulatory requirements;
7. Ensuring that the independence of risk and financial control employees in the performance of their functions is not compromised;
8. Outlining fixed and variable components of remuneration and the general conditions relevant to their payment.

The Remuneration Framework integrates with the Bank's business plans, Risk Management Framework, and conduct expectations as part of the Performance Framework.

4. Remuneration Policy

The CEO reviews ELT members' performance against the annual Board approved Executive team Balanced Scorecard (BSC) including performance against individual modifiers.

Performance is aligned with remuneration through annual evaluations of KPIs and individual modifiers for the ELT, with variable remuneration outcomes determined based on a performance rating scale.

Consequence management includes the Consequence Severity Matrix, and malus and clawback mechanisms. Deferrals are applied in line with APRA regulations. Further deferrals can be implemented at the discretion of the BGRC/Board, with periods determined as appropriate.

Treatment of employment separations and deferrals ensures that on separation, deferred remuneration is managed according to policy terms, with adjustments applied as necessary.

Financial Accountability Regime (FAR) Act compliance is maintained by ensuring remuneration structures support the FAR, including mechanisms such as deferrals, clawbacks, and malus adjustments for Accountable Persons.

The Board maintains overriding discretion of remuneration for all employees and may reduce variable remuneration as it deems appropriate (including to nil). All decisions regarding remuneration adjustments must be clearly documented with supporting rationale and retained as part of the organisation's records.

5. Publication and Compliance

This disclosure is compliant with CPS 511 and is published within six months of the financial year-end following ASIC lodgement. It is prepared on a financial year basis, ensuring clarity, comprehensiveness, and comparability for stakeholders.

Historical disclosures will remain accessible on Police Bank's website for at least five years.

APRA may direct additional disclosures if deemed necessary, subject to regulatory requirements.