HERE FOR OUR OWN



POLICE BANK
ANNUAL REPORT FY26

Police Bank
HERE FOR OUR OWN

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.

POLICE BANK
ANNUAL REPORT FY26

A word from our CEO & Chair 4

About Police Bank 8

Five-year strategy in focus 10

HERE FOR OUR OWN 14

- POLICE LEGACY AND POLICE ASSOCIATIONS 16
- SPORT 17
- COMMUNITY 18
- MEMBERSHIP REWARDS 19
- SUPPORT 20
- MEMBER FEEDBACK 22

60 years in moments 24

Year at a glance 26

Your Board 28

Your Executive Leadership Team 30

Annual Financial Report 2026 32

Police Bank

HERE FOR OUR OWN

BUILT BY MEMBERS, BACKED BY MEMBERS

A year of growth with purpose

It has been a year of real momentum for Police Bank. Twelve months ago, the Board formally adopted a new five-year strategic plan – one shaped by months of direct conversations with our members. We can now report that the first year of that plan is delivering exactly what we hoped it would: growth in membership, growth in loans, and growth in deposits. Over the course of the latest financial year, Police Bank's loans to members grew 17.4%, deposit growth increased 6.1%, and member growth is at 3.3%, to 79,319.

For a bank that exists by and for the Police and Border Force communities, that growth is more than a set of numbers on a page. It is a vote of confidence – members, and the families who bank alongside them, choosing to place their trust in us.

We don't say that lightly. Police Bank and Border Bank, which continues to serve our Border Force and Home Affairs members under the same group strength – has outperformed our peers across the mutual banking sector this year, and our loan growth has run ahead of the average across all Australian banks. That is a considerable achievement, made more so by the fact that we remain one of the few institutions that does not rely on brokers. We prefer the harder, slower, more personal road: a direct relationship between our lending team and the member sitting in front of them. Every employee of the bank deserves credit for that result, and our lending team in particular has been outstanding.



Why mutuality matters

At the heart of everything we do is a simple structural fact we never tire of repeating, because it explains everything else: Police Bank exists for its members. We are owned by, and accountable to 79,319 members. Police Bank serves its members well so it can continue to deliver the most relevant banking services in market. This is very different to the listed banks, which serve their customers so they can deliver a dividend to their shareholders.

At Police Bank, profits aren't paid to investors. Every dollar is returned to members through competitive rates, support for Police Legacy and sporting initiatives, and investment in a safe, secure and future-ready bank. It is this model, more than any single product or piece of technology, that makes us different from the banks members could otherwise choose.

A strategy shaped by members, not for them

The growth we are reporting this year did not happen by accident. When the Board and management team sat down to refresh our long-term strategy, the starting point was not a spreadsheet – it was our members. We spent months listening: to feedback gathered through direct consultation, through staff who hear from members every day, and through the Police and Border Force communities themselves. What came back was clear. Members wanted us to stay **close to our core purpose**, to deepen the **sense of belonging** that comes with banking somewhere built specifically for them, and to **invest selectively** and well rather than chase growth for its own sake.

Those three commitments now sit at the centre of everything we do.

One practical outcome of that listening has been Badge Benefits, the Bank's new reward platform that gives members access to genuine, tangible discounts across travel, dining, shopping and everyday spending. In a period when sticky inflation – those everyday costs like energy, insurance and groceries that simply refuse to come back down – continues to squeeze household budgets, members told us they wanted something real, not just points on a card. Badge Benefits has been well received since launch, and it is exactly the kind of initiative our new strategy is designed to keep producing: practical, member-led, and true to who we are.

Another outcome was members telling us they wanted it to be easier to deal with our bank, so our team reinforced the need to meet members where they are. As a result, we continue to invest in our technology to make it easier for our team to serve, and easier for our members to be served. This is all the way through the account opening or lending process, as well as continuing updates to our Mobile Banking Apps.

Protecting members and their money

As our members' lives move online, so too does the threat environment around them, and we take that responsibility seriously. This year we have continued to invest in cyber security to protect member data and member funds against an environment of ever-increasing threat, and we have rolled out Confirmation of Payee across both Police Bank and Border Bank, giving members an extra layer of confidence that the account they are paying into is the one they intended. We will continue to invest in it as the threats themselves continue to evolve and we are pleased to advise that Police Bank is introducing BioCatch, an advanced fraud and scam protection technology used by financial institutions around the world.

BioCatch uses behavioural intelligence to help identify unusual activity that may indicate fraud, account takeover attempts, or scam-related behaviour, providing an additional layer of protection for members when banking online and through our mobile app.

Standing with the Police Legacies and Police Associations

Nothing matters more to us than the relationships we hold with the organisations that look after our own. Our partnership with the Police Legacies in NSW, Tasmania and the Australian Federal Police has continued to deepen this year, and we have enhanced our financial commitment to that work – including through Education Scholarships for the children of fallen and incapacitated officers, and through the establishment of new Trust Funds in Tasmania and with the AFP, to give those partnerships a more permanent and sustainable financial footing into the future.

We have also continued to work closely with the NSW and Tasmanian Police Associations, complementing the vital advocacy and support work they already do for serving officers and their families. These are not arm's-length sponsorships. They are genuine partnerships with organisations that, like us, exist because the policing and border communities look after their own.

Last year, we provided $1 million in donations and support to the Police and Border Force communities.

HOPE Housing: a scheme ready to scale

Housing affordability remains one of the most significant pressures facing essential workers, including the very people this bank exists to serve. Our commitment to HOPE, the shared equity home loan scheme, remains a priority for exactly that reason. HOPE in conjunction with Police Bank has now helped 23 essential workers into home ownership and the financial security that comes with it – a genuine, life-changing

For a bank that exists by and for the Police and Border Force communities... growth is more than a set of numbers on a page. It is a vote of confidence – by members, and the families who bank alongside them, choosing to place their trust in us.





outcome for those families. With roughly 2,000 essential workers† currently on the waiting list, we are continuing to work with potential investors and with both state and federal governments to bring this scheme to the scale the demand clearly justifies. We remain convinced this is one of the most important things we can do for the next generation of our members.

Our people

None of this – the growth, the new strategy, the focus on protecting members and their data, the Police Legacy partnerships, the work on HOPE – happens without the people who show up for members every single day. We are fortunate to have a team that genuinely cares about the people they serve, and this year's results are a direct reflection of that care. To every member of staff, and particularly to our lending team for the role they have played in a year of outstanding growth, thank you.

Looking ahead, together

We close this year having outperformed our peers, having listened more closely to our members than perhaps ever before, and having turned that listening into tangible action – from Badge Benefits, investments in technology, to Confirmation of Payee and BioCatch, to the next stage of HOPE. None of that changes who we are. We remain a bank built by members, to back members, with no shareholders to answer to and a purpose to serve the communities of police officers, Border Force personnel and their families who have trusted us for over six decades. We are deeply grateful for that trust, and we look forward to continuing to earn it in the year ahead.



Greg McKenna

Greg McKenna
CEO
Police Bank



Peter Remfrey

Peter Remfrey
Chair
Police Bank

† HOPE Housing figures from HOPE Housing Oct 2025 Investor Centre

BUILT BY OUR COMMUNITY

Driven by our purpose

For more than 60 years, Police Bank has existed for one reason: to support the people who protect our communities.

What began in 1964 as a credit union created by NSW Police officers has grown into a modern mutual bank serving 79,319 members across Australia. Along the way, we've welcomed new communities through Border Bank and other mergers, but one thing has never changed: we exist to make banking work better for people whose lives are anything but ordinary.



Police officers, Border Force officers and the families who stand behind them face unique challenges. Shift work. Relocations. Financial decisions made around unpredictable careers rather than predictable routines. We understand those realities because many of our people have lived them too.

As a member owned bank, our priorities are different. We don't answer to shareholders. We answer to our members. Every decision we make is guided by a simple question: does this create long-term value for the people who trust us with their banking?

That philosophy shapes everything we do. It influences the products we design, the service we provide and the way we support members through life's biggest moments, from joining the Police Academy and buying a first home to retirement and everything in between.

It also shapes the way we measure success. Growth matters because it allows us to invest more in our members, strengthen our technology, expand our support and deepen our contribution to the Police and Border Force communities.

FY26 AT A GLANCE

$2.6b loans to members	A significant milestone in the Bank's history.
17.4% growth in lending	Outperforming the mutual banking and broader banking sector averages.*
79,319 members	Growing by 3.3% over the past year.
6.1% growth in deposits	Reflecting members' continued confidence in Police Bank.
$1m invested back into Police and Border Force communities	Supporting Police Legacies, Police Associations, sport and community initiatives.
Safer banking	Confirmation of Payee introduced, with BioCatch scam and fraud protection to follow.

SOURCE: All figures are extracted from the audited FY26 Financial Statements and Directors' Report. For full calculations and data definitions, see pages 34–107.

Our values guide how we deliver on that commitment every day

Integrity means doing the right thing, even when nobody is watching.

Curiosity drives us to keep improving the banking experience for our members.

Accountability means taking ownership of every promise we make.

Respect reminds us that every member's circumstances are different and deserve to be understood.

Engagement reflects our commitment to showing up for our members – not just when they need a bank, but throughout the communities we proudly serve.

Together, these values are more than words. They define the culture of Police Bank and Border Bank, and the standard our members can expect from us every day.

As we begin the next chapter of our story, they continue to guide every decision we make, ensuring we remain a banking partner built for those who protect.

Growing with purpose

Growth matters at Police Bank, but not for the reason you might expect.

As a member owned mutual, growth isn't about delivering returns to shareholders. It's about creating more value for the people who own the bank. Every new member, every home loan, every deposit and every investment in our future strengthens our ability to deliver better banking, better service and greater support for the Police and Border Force communities.

Over the past year, that's exactly what we've done.

More members have chosen Police Bank to support some of life's biggest financial decisions. More families have trusted us with their savings. More members have turned to us to finance their homes. That confidence has helped make FY26 one of the strongest years in our history, while allowing us to continue investing in the things that matter most to members.

Growth has never meant becoming a different kind of bank. If anything, it has reinforced what makes us different.

We continue to put relationships ahead of transactions, investing in our people so members can speak directly with someone who understands their circumstances. We continue to invest in digital capability to make banking simpler and safer. And we continue to reinvest back into the communities we were created to serve, from Police Legacy partnerships and sporting organisations to innovative housing solutions and new member benefits.

For us, growth is never measured by numbers alone.

It's measured by more members feeling supported, more families achieving financial security, and more opportunities to give back to the communities that have trusted Police Bank for more than 60 years.

* SOURCE: Sector benchmarked against APRA Monthly ADI Statistics for FY26.

BANKING BUILT FOR THOSE WHO PROTECT





Police Bank has always been defined by purpose. For more than six decades, we have served the Police, Border Force and broader protective service communities with banking designed around the realities of their lives. That purpose has not changed. What has changed is the scale of the opportunity before us.

Over the past five years, we have strengthened the foundations of the bank by improving our financial position, modernising our technology, enhancing our digital capability and building a more resilient organisation for the future.

Our five-year strategy builds on that foundation. It does not change who we are. It reinforces what has always made Police Bank different: our commitment to members.

Developed through seven months of planning and shaped by consultation with members, employees and the Board, the strategy reflects the voices of the people who know Police Bank best.

IT IS ANCHORED BY A CLEAR VISION:

Banking built for those who protect.

AND AN EQUALLY CLEAR MISSION:

We give those who protect every reason to belong.

Together, this vision and mission define how Police Bank will continue to grow while remaining true to the community that built it.

Growth is not an objective in itself. It is how we create more value for members. A larger, stronger Police Bank gives us greater capacity to invest in products, technology, service and the communities we support.

Over the past five years, we have strengthened the foundations of the bank by improving our financial position, modernising our technology, enhancing our digital capability and building a more resilient organisation for the future.





Growing where it matters most

Every strategy involves choices. For Police Bank, the choice is clear: to grow by serving our existing communities better before looking further afield.

Our first strategic pillar, **Pursue Growth Close to the Core** focuses on deepening relationships with the people we were created to serve.

That means supporting members earlier in their careers, strengthening our connection with Police Academy students, helping members through major life stages and expanding opportunities within the Police, Border Force and broader protective services community.

The second pillar, **Prioritise Members and Belonging** recognises that members want more than competitive rates. They want a banking partner that understands their profession, their families and the realities of service.

Belonging is reflected in how we design products, deliver service and recognise loyalty over a lifetime. Whether someone joins Police Bank as a Police Academy student or has banked with us for decades, every interaction should reinforce that they are valued as part of our member community.

Investing with purpose

Great member experiences require disciplined investment in the people, technology and capabilities that make banking simpler, faster and more rewarding.

Our third strategic pillar, **Enable Through Selective Investment** ensures every investment is guided by member value.

Rather than investing in technology for its own sake, we will focus on initiatives that remove friction, improve service and support better member outcomes.

Over the coming year, members will see continued investment in digital banking, enhanced service experiences, stronger Academy engagement, financial education and new ways of recognising loyalty throughout their relationship with Police Bank.

Our investments also extend beyond technology.

We will continue investing in our people, strengthening our culture and building the organisational capability required to support sustainable growth while maintaining the personal service our members value.

By remaining disciplined about where we invest, we can continue delivering meaningful improvements and continue our focus on what makes Police Bank unique.

A strategy built around belonging

The strongest strategies are not measured by plans on paper. They are measured by the experiences people have every day.

For Police Bank, success will not only be reflected in stronger financial performance and responsible growth. It will be seen in members who feel understood, supported and confident that their bank has their interests at heart.

It will be reflected in new recruits choosing to stay with Police Bank throughout their careers; in families who receive support during difficult times; in members who achieve home ownership sooner; and in communities strengthened through partnerships, sporting organisations and Police Legacy.

Everything we do over the next four years will be guided by a single belief:

Those who protect deserve a banking partner as committed as they are.

That belief underpins our strategy, our culture and our ambition. It is how we will continue building a stronger Police Bank: one that grows responsibly, invests wisely and remains focused on the people and communities we were created to serve.

HERE FOR OUR OWN





POLICE BANK WAS FOUNDED BY POLICE OFFICERS, FOR POLICE OFFICERS. MORE THAN 60 YEARS LATER, THAT CONNECTION REMAINS AT THE HEART OF WHO WE ARE.

A PROMISE TO THE PEOPLE WE WERE BUILT TO SERVE



HERE FOR OUR OWN is the contemporary expression of that enduring promise.

It reflects a clear belief: people who dedicate their working lives to protecting others deserve a banking partner that understands their lives, supports their ambitions and delivers practical value in return.

For us, “our own” means the Police, Border Force and broader protective service communities we serve, along with the families and organisations that support them. It speaks to belonging, shared understanding and a long-standing commitment to communities shaped by service.

Those lives do not always fit neatly into the assumptions of mainstream banking. They can involve shift work, overtime, postings, relocations, physical and emotional pressure, and career paths that influence financial decisions at every stage of life. Our role is to make banking simpler, more relevant and more rewarding around those realities.

That commitment is expressed through the products we design and the service we provide, and it extends well beyond day-to-day banking.

It is reflected in the support we provide to members working towards home ownership, the assistance offered to families during periods of financial difficulty, the benefits we create for loyal members and the communities we support through Police Legacy, Police and Border force sport and broader wellbeing initiatives.

These activities take different forms, but they are united by the same purpose: creating practical value and meaningful support for the people we were built to serve.

HERE FOR OUR OWN provides a clear platform for that commitment.

It guides how we listen to members, how we understand the person behind the account and how we use the strength of a member-owned bank to create value for the people who own it.

In the pages that follow, we share some of the ways this promise came to life over the past year: through our support for Legacy, sport and community initiatives, our approach to member rewards, and the practical assistance we provide through housing and hardship support.

Together, they demonstrate what it means to be more than a bank for those who protect.

They demonstrate what it means to be here for our own.

HERE FOR OUR OWN

POLICE LEGACY & POLICE ASSOCIATIONS



Standing beside those who stand beside our members

Being here for our own means supporting not only individual members, but also the organisations that care for Police and Border Force communities every day.

For decades, Police Bank has partnered with Police Legacy organisations and Police Associations across New South Wales, Tasmania and the Australian Federal Police. Together, we share a common purpose: supporting those who serve, their families and the people who stand beside them through every stage of life.

Throughout the year, our team attended and supported events including the **National Police Legacy Day**, **Police Remembrance Day**, the **Blue Ribbon Ball**, Police Association conferences, member events and a range of fundraising and community initiatives that bring members together while recognising the service and sacrifice of Police and Border Force personnel.

One of the most significant milestones this year was the establishment of new Trust Funds for eight Legatees with **Tasmania Police Legacy**, alongside our ongoing support of **NSW Police Legacy** and **AFP Legacy** to help provide long-term support for future generations.

We also continued our support for the annual **NSW Police Legacy Remembrance Bicycle Ride**, which travels from the NSW Police Wall of Remembrance in Sydney to the National Police Memorial in Canberra. This year, one of our colleagues joined the 300km ride, helping raise awareness and funds for more than 1,400 Police Legatees.

These partnerships are not simply sponsorships.

They are an extension of our role as a member-owned bank created for the policing community.

When Police and Border Force communities come together to honour service, support families or advocate for members, Police Bank is proud to stand alongside them – because looking after our own has always been part of our purpose.

NSW POLICE LEGACY

AFP Legacy
remembrance in service

PANSW
POLICE ASSOCIATION OF NSW

POLICE ASSOCIATION OF TASMANIA

POLICE LEGACY TASMANIA

HERE FOR OUR OWN

SPORT



Supporting the connections that make communities stronger

The teamwork that defines policing does not end when a shift finishes.

Across Australia, Police and Border Force sporting clubs create opportunities for members to stay connected, support one another and build lifelong friendships. They promote physical and mental wellbeing, strengthen camaraderie and provide an important connection for serving members, retirees and their families.

Throughout the year, Police Bank supported and attended events including the NSW Police Rugby Games, Australian Police Golf Championship, other representative sporting competitions, corporate charity golf days and sporting association events to celebrate the achievements of members on and off the field.

These occasions are about much more than competition.

They provide opportunities to reconnect with former colleagues, welcome new members into the policing community and strengthen the relationships that underpin a career in service.

They also create moments where families can come together and recognise the people behind the badge.

Our people are proud to participate in these communities, not only as supporters but as active representatives of the bank.

Whether cheering from the sidelines, presenting awards or connecting directly with members, every event reinforces an important belief: strong communities are built through shared experiences.

Supporting Police sport is one of the ways Police Bank invests in those connections.



HERE FOR OUR OWN

COMMUNITY



Showing up where our members are

One of the things we are most proud of as a bank is our connection with members. Our strategy is focused on serving members first, and one of the reasons we don't use brokers is because we know strong relationships are built through genuine, personal, and direct connections. We remain committed to being present in the communities where our members live, work and serve.

Throughout FY26, our team attended more than **140 community events**, from Police Academy visits and graduations, member briefings and Police Association functions to charity fundraisers, local celebrations and industry events across Police and Border Force communities.

These events provide opportunities to celebrate milestones, recognise achievements and, importantly, listen.

Many of the conversations that shaped our strategy happened away from the office: with Police Academy students beginning their careers, long-serving members, retirees, families and the volunteers who strengthen Police and Border Force communities every day.

That feedback continues to influence how we improve our products, services and member experience.

Being part of the community also means giving back to it.

Throughout the year, Police Bank supported fundraising events, member wellbeing initiatives and local organisations that make a lasting difference to Police and Border Force personnel and their families.

This year, we invested a record $1 million back into our member base and Police and Border Force communities.

For us, community involvement reflects our mutual purpose. We do it because we are part of the same community and because being here for our own means maintaining a visible, active and practical presence.

A new chapter for Border Bank

This year marked the reopening of our Canberra branch as a shared **Police Bank and Border Bank** branch – an important milestone in strengthening our support for Australian Border Force, Home Affairs and Australian Federal Police members.

Officially reopened by **Australian Border Force Deputy Commissioner Vanessa Holben PSM**, the branch reflects our long-term commitment to building deeper relationships with the Border Force community while continuing to support our Police members in the nation's capital.

As Border Bank continues to grow, so too does our opportunity to serve more members working in border protection and national security. The enthusiastic response from the Border Force and Home Affairs communities has reinforced that having a dedicated banking partner, built around their unique needs, genuinely matters.

HERE FOR OUR OWN

MEMBERSHIP REWARDS

Giving members more than great banking

One of the clearest messages we heard while developing our strategy was that members wanted something tangible in return for choosing Police Bank or Border Bank.

Members told us they valued our competitive rates, personalised service and our deep understanding of policing life. In a period of sustained household cost pressure, they also wanted practical ways to make their everyday money go further.

As a member-owned bank, listening to that feedback is fundamental to how we operate.

Unlike shareholder-owned banks, every decision we make is guided by one question: how does this create more value for members?

That philosophy led to the launch of Badge Benefits, a rewards platform designed to help members save on everyday spending. From groceries, travel and dining to shopping, entertainment and experiences, Badge Benefits gives members access to discounts through one simple digital platform.

The timing was important.

While inflation has eased in some parts of the economy, many everyday expenses continue to place pressure on household budgets. Energy bills, insurance, groceries and fuel remain stubbornly high, leaving many families with less room to move. Member feedback confirmed those pressures were being felt across our community.

Badge Benefits is one way we are responding, and the initiative has already been strongly embraced by members.

It will not solve the broader cost-of-living challenge, but it provides practical, everyday value simply by being part of our bank.

More broadly, it represents an important expression of mutual ownership.

Member rewards are not an add-on to our banking experience. They are part of how we return value to members.

When we succeed, that success is reinvested into better member outcomes. Sometimes that is through competitive rates or new technology. Sometimes it is through community partnerships or housing initiatives. And sometimes it is through everyday savings that help household budgets go further.

That is the difference between banking with an organisation that exists for shareholders and one that exists for its members.



The Police Bank rewards program, Badge Benefits ('Program") is a member benefit initiative offered by Police Bank Ltd ("Police Bank", "we", "us", "our") as a strategic alliance with CLIQIT, a trading name of RACV Travel and Experience Pty Ltd (ABN 47 645 025 225) (RTE), as an independent contractor. CLIQIT is not an agent or representative of Police Bank.

HERE FOR OUR OWN

SUPPORT



Here when it matters most

Standing beside members through life's biggest financial moments

Being here for our own means more than providing great banking products.

It means recognising that behind every home loan, savings account or conversation with our team is a person navigating the realities of life. Sometimes that means celebrating milestones like buying a first home. Other times it means helping members through unexpected challenges with empathy, flexibility and practical support.

As a member owned bank, we believe our responsibility extends beyond transactions. We exist to help members build financial security, navigate uncertainty and move forward with confidence, whatever stage of life they're in.

Whether that's creating new pathways into home ownership or supporting members through periods of financial hardship, our goal is always the same: to stand beside our members when they need us most.

Supporting members in all ways we can

Financial hardship can affect anyone. Whether it's rising living costs, illness, injury, relationship breakdown, medical retirement or another unexpected life event, there are times when even the best financial plans need extra support.

At Police Bank, our approach is simple: listen first, then work with members to find a practical path forward.

Throughout FY26, we supported 146 members' hardship cases, helping members navigate temporary financial challenges while maintaining their long-term financial wellbeing. This included 112 mortgage hardship cases, enabling members to remain in their homes while tailored repayment arrangements and other assistance helped ease financial pressure. As at 30 June 2026 loans subject to active hardship arrangements totalled $22.7 million, including $22.4 million in mortgage hardship support.*

Importantly, hardship support is designed to help members recover – not simply pause repayments. As members' circumstances improved, many were able to return to regular repayment arrangements.

As a member owned bank, supporting members through difficult times is one of the clearest expressions of our purpose. We're committed to providing practical, compassionate support that helps members regain financial confidence and move forward when life takes an unexpected turn.

* Based on internal hardship management systems. "Members" refers to unique retail member accounts approved for formal hardship assistance during FY26. Financial support reflects deferral, reduced payments and waived charges.

David & Keira

"It gave us a place to call home."

After nearly 14 years serving with NSW Police, Detective Senior Constable David and his wife Keira had almost given up on home ownership. Like many young families, rising property prices kept pushing the dream further out of reach, despite years of saving.

Through Police Bank's partnership with HOPE Housing, they were able to purchase a home in Sydney's north-west using the shared equity model – giving their two boys the stability of a backyard to grow up in and a place the family could truly call their own.

For David, the impact has gone beyond owning a home. Living closer to work has reduced the daily pressures of commuting, eased the strain on family life and allowed him to focus on the next stage of his policing career.

"Being closer to work has made it much easier. Less stress on the home front. It has allowed me to focus on trying for promotion."

It's one example of how Police Bank and HOPE Housing are helping essential workers build stronger financial futures while remaining close to the communities they serve.

Creating pathways into home ownership

For many essential workers, owning a home is becoming increasingly difficult.

Police officers, Border Force personnel and other frontline workers often face the same housing affordability pressures as the broader community, despite dedicating their careers to serving it.

We're beyond proud to continue our partnership with **HOPE Housing**, an innovative shared equity model designed to help essential workers achieve home ownership sooner.

Rather than asking members to wait years longer to save a larger deposit or take on unsustainable levels of debt, HOPE provides an alternative pathway – helping eligible essential workers purchase a home with a smaller deposit and a more manageable mortgage.

It's a practical solution to one of the biggest financial challenges facing our members, and the impact is already changing lives.

The scheme and Police Bank have now helped close to **23 essential workers** into home ownership, with around **2,000 more** currently waiting for the opportunity. Those numbers reinforce both the scale of the housing affordability challenge and the potential for innovative partnerships to make a genuine difference.

Supporting home ownership has always been central to Police Bank's purpose. Our partnership with HOPE reflects that commitment in a new way – helping more members build long-term financial wellbeing and giving the next generation of essential workers a stronger foundation for the future.



HERE FOR OUR OWN

MEMBER FEEDBACK

Every conversation with a member is an opportunity to learn.

Our members challenged us to make banking simpler, more rewarding and more relevant to their lives. That feedback has informed our strategy, new initiatives such as Badge Benefits, and our recently launched MoneyCraft Hub with practical content to support the financial wellness of our members, continued investment in digital banking, and the way we support members through every stage of life.

The comments shared here are a small reflection of what matters most to us: knowing that the people we exist to serve feel understood, supported and valued.

As we continue to grow, that commitment will not change. We will keep listening, learning and evolving while staying true to the purpose that has guided us for more than 60 years: being **HERE FOR OUR OWN.**

"I wanted to take a moment to personally thank you for the exceptional service you provided when I recently contacted Police Bank about refinancing. Initially, I was strongly considering moving my personal loan and home loan... However, after speaking with you, my confidence in Police Bank was completely restored. You went above and beyond to assist me, taking the time to understand my situation and matching competitive rates for both my mortgage and personal loan. Your professionalism, knowledge, and willingness to go the extra mile made all the difference. Because of your efforts, I will be staying with Police Bank and will be recommending to all my family and friends that they bring their business here as well."

– William and Jessica B

"The whole process from enquiry to funded loan was simple, efficient, quick and all without hassle remotely. The rates offered are good and the waived fee was appreciated. Police Bank continues to support cops like me and the effort you all make show why you deserve my business."

– Cody P

"I just wanted to say thank you for all your help and dedication in resolving my matter. Your level of customer service and empathy is second to none. Thank you for your compassion and professionalism through this difficult time in my life. I would have no problem recommending you to anyone. You're an absolute legend."

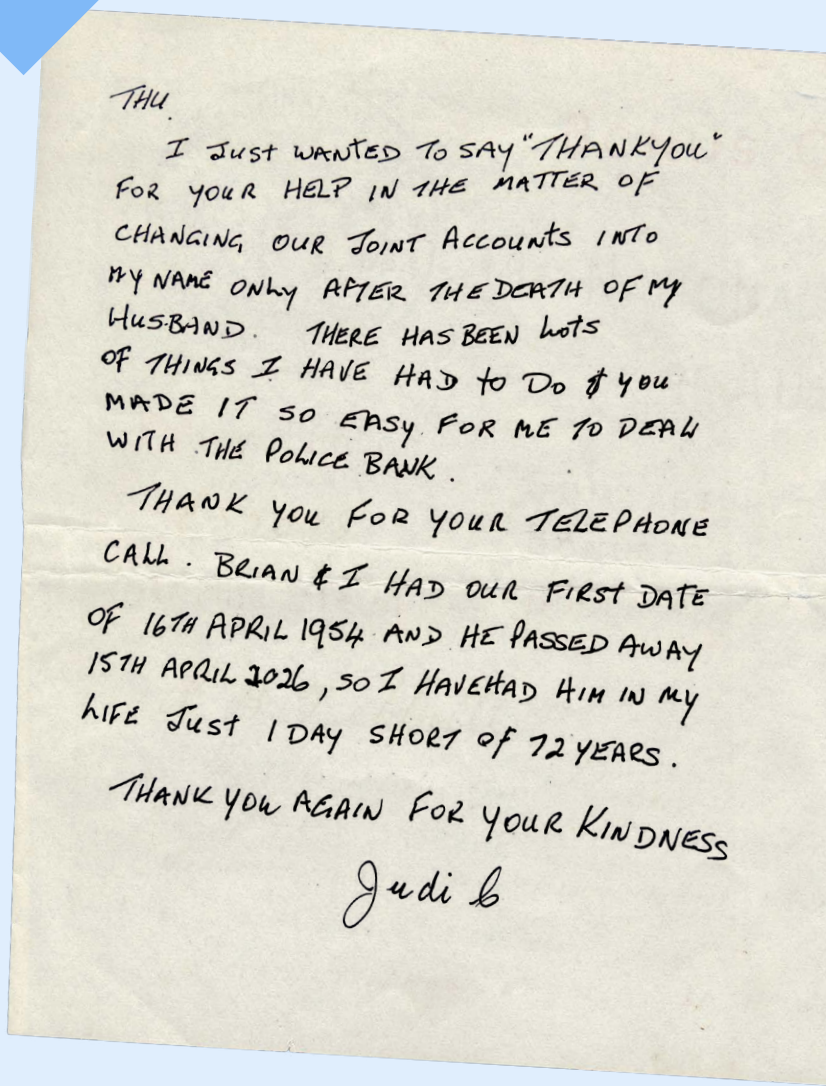
– Laura M

"I have found the mortgage application process with Border Bank to be very smooth and a great customer experience. I have also found you both to be good, decent people to work with, which is why I have recommended you to my family and colleagues."

– Paul S

From the very beginning, she demonstrated exceptional professionalism, patience, and expertise. She took the time to thoroughly explain our options, answer all of our questions, and guide us through every step of the process with clarity and care. Her responsiveness and attention to detail ensured that we felt fully supported and confident throughout the entire journey. What stood out most was her genuine commitment to ensuring our needs were met and that we had all the information necessary to make informed decisions. Her approachable and friendly manner made what could have been a stressful experience much more manageable, and for that, we are truly grateful."

– Carmen and Wayne B


THU.

I JUST WANTED TO SAY "THANKYOU" FOR YOUR HELP IN THE MATTER OF CHANGING OUR JOINT ACCOUNTS INTO MY NAME ONLY AFTER THE DEATH OF MY HUSBAND. THERE HAS BEEN LOTS OF THINGS I HAVE HAD TO DO IF YOU MADE IT SO EASY FOR ME TO DEAL WITH THE POLICE BANK.

THANK YOU FOR YOUR TELEPHONE CALL. BRIAN & I HAD OUR FIRST DATE OF 16TH APRIL 1954 AND HE PASSED AWAY 15TH APRIL 2026, SO I HAVEHAD HIM IN MY LIFE JUST 1 DAY SHORT OF 72 YEARS.

THANK YOU AGAIN FOR YOUR KINDNESS

Judi b

MORE THAN SIXTY YEARS OF STANDING BESIDE THOSE WHO SERVE

More than a milestone

In 2024, Police Bank marked 60 years since a group of NSW Police officers came together with a simple idea: create a bank that understood the unique lives of Police and their families.

Six decades later, that purpose remains unchanged.

While banking has evolved beyond recognition, our reason for existing has endured. We continue to be owned by our members, shaped by their needs and committed to supporting the people who protect our communities.

Our 60th anniversary wasn't simply an opportunity to look back. It was an opportunity to recognise the people, partnerships and shared sense of service that have defined Police Bank from the beginning.

Throughout the year, we celebrated that milestone by standing beside the organisations, events and communities that continue to make a difference to our members today.

Every event reinforced the same idea:

Police Bank has never been just a financial institution.

We are part of a community.



60 years in moments



The Sydney Opera House shines blue

To mark the inaugural National Police Legacy Day, the Sydney Opera House was illuminated in blue – a powerful tribute to Police Legacy organisations and the families they support. For many members, it became one of the defining images of our anniversary year and a reminder that remembrance, respect and community remain central to who we are.



Supporting Police Legacy for generations

Our anniversary year included an additional contribution to the Police Legacy Education Grant Fund, helping support the children of fallen and incapacitated officers through education. It reflected a commitment that has grown stronger over many years and continues to be one of the most important partnerships Police Bank holds.



Nineteen years with the Blue Ribbon Ball

The Blue Ribbon Ball has become a longstanding fixture in Police Bank's calendar. Our continued support reflects not only an enduring partnership with NSW Police Legacy, but our deep respect for those who have made the ultimate sacrifice in the line of duty.



Backing Police sport

From the Police Games to the NSW Police Rugby League and numerous other sporting organisations, our 60th year celebrated the friendships, resilience and camaraderie that strengthen the policing community well beyond the workplace.

Looking forward

Sixty years is an important milestone. But anniversaries aren't simply about reflecting on the past. They're about recognising the responsibility that comes with it.

As Police Bank enters its next chapter, our purpose remains exactly as it was in 1964: to deliver banking built around the people who protect Australia and the families who stand behind them.

The uniforms may change.
Technology will continue to evolve.
The needs of our members will continue to grow.
But one thing won't change.

We'll continue to be here for our own.



YEAR AT A GLANCE

Introduced in FY26

Five-year strategy
launched with continued investment in digital banking

Badge Benefits launched
a new member rewards platform

MoneyCraft financial wellness hub launched

Confirmation of Payee introduced

BioCatch announced
for advanced scam protection

How we supported our **members** in FY26

79,319
members
Active member count as of 30 June 2026

18 year
average member tenure

$2.6 billion
loans to members

$3.2 billion
in assets, the Police Bank Group continues to provide the strength and security our members rely on

17.4%
lending growth, outperforming the mutual banking and broader banking sector averages*

6.1%
growth in deposits

3.3%
member growth

How we supported our **community** in FY26

$1 million
invested back into Police & Border Force communities^



$472,910
Police Legacy contributions and donations

140
Police & Border Force community events supported

353
Police Academy students banking with us

* Sector benchmarked against APRA Monthly ADI Statistics for FY26.

^ The $1 million community investment claim is substantiated by a total tally of direct financial grants, corporate sponsorships, and community partnership funding dispersed during the financial year.

SOURCE: Financial and member metrics are extracted from the audited FY26 Financial Statements and Directors' Report (see pages 34-107). Market benchmarks are based on APRA industry data.

How we supported **home ownership** in FY26



23
essential workers helped into home ownership through HOPE Housing in total

3,381
home loans settled

1,256
refinances completed

197
first home buyers supported

831
loans refinanced from another bank

Hardship in FY26

Supporting members experiencing financial difficulty remained a key focus during FY26

146 members supported through hardships across the year, averaging 12 members per month

112 mortgage members were supported through formal hardship arrangements during FY26

As at 30 June 2026 loans subject to active hardship arrangements totalled $22.7 million, including $22.4 million in mortgage hardship balances, reflecting the Bank's ongoing support for members experiencing financial difficulty.

How we protected members from **scams and fraud** in FY26



$1m
protected from scams

$1.5m
invested in cyber security

2,829
fraud investigations

$5.6b
in digital transactions (Mobile App and Internet Banking)

47%
of members have logged into the Mobile Banking App at least once

Contact Centre in FY26



138,768
contact centre interactions

102,903
inbound calls

35,865
outbound calls

Financial Performance in FY26

Metric	FY26 Result
Group net profit after tax	$8.7m
Group total assets	$3.2b
Loans under management (gross)	$2.6b
Member deposits	$2.2b
Regulatory capital adequacy ratio	20.97%
Minimum liquidity holdings (MLH) ratio	15.78%
Return on assets	0.29%
Cost to income ratio	80.40%
Loan growth (% annual)	17.40%
Deposit growth (% annual)	6.10%

Data drawn from Police Bank Ltd's Core Banking System and Contact Centre Solution

YOUR BOARD



Peter Remfrey | CHAIR OF THE BOARD, EX-OFFICIO OF ALL COMMITTEES

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.



Robert Redfern | DEPUTY CHAIR OF THE BOARD, MEMBER OF BOARD AUDIT COMMITTEE, BOARD RISK COMMITTEE, BOARD GOVERNANCE & REMUNERATION COMMITTEE, AND BOARD TECHNOLOGICAL TRANSFORMATION COMMITTEE

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.



Col Dyson | CHAIR OF BOARD AUDIT COMMITTEE, MEMBER OF BOARD RISK 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.



David Hudson | CHAIR OF BOARD GOVERNANCE & REMUNERATION COMMITTEE, MEMBER OF BOARD RISK 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, NSW Police Medal, National Emergency Medal, and Commissioner's Commendations for Service.



Pat Gooley | CHAIR OF BOARD RISK COMMITTEE, MEMBER OF BOARD GOVERNANCE & REMUNERATION COMMITTEE AND BOARD AUDIT 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.



Justine Saunders APM | DIRECTOR, MEMBER OF BOARD GOVERNANCE & REMUNERATION COMMITTEE AND BOARD RISK COMMITTEE

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.



Dr. Sarv Girn | CHAIR, BOARD TECHNOLOGY TRANSFORMATION COMMITTEE, MEMBER OF BOARD AUDIT COMMITTEE AND BOARD RISK COMMITTEE

Sarv Girn joined the Board in 2023 and serves on a portfolio of other boards in the health and technology sectors. He also is an advisor to CIOs and technology executives. 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, Commonwealth Bank, and I-MED Radiology. 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.



Julie Elliott | DIRECTOR, MEMBER OF BOARD AUDIT COMMITTEE AND BOARD RISK COMMITTEE

Appointed in 2026, Julie Elliott is an experienced director and senior executive with a diverse commercial background spanning financial services, government and listed companies.

Julie currently serves on several boards and Audit and Risk Committees, including Dynamoney Limited, NSW Treasury, and the ACT Education Directorate. She has previously held directorships with Cash Converters International and P&N Bank. Her executive career includes senior leadership roles with Bank of Sydney, National Australia Bank, Westpac, and KPMG, where she gained extensive experience across banking, finance, risk, and corporate governance.

She holds a Bachelor of Economics from the University of Sydney and an MBA from the Australian Graduate School of Management, is a Fellow of Chartered Accountants Australia and New Zealand and Financial Services Institute of Australasia, and is a Fellow and Graduate of the Australian Institute of Company Directors.



Scott Whyte APM | DIRECTOR, MEMBER OF BOARD GOVERNANCE & REMUNERATION COMMITTEE AND BOARD TECHNOLOGICAL TRANSFORMATION COMMITTEE

Appointed in 2026, Scott Whyte APM has served with the NSW Police Force since 1990, and has held senior leadership roles across investigations, organised crime, operational policing and executive command. Scott has led major crime investigations and high-profile operational responses throughout a distinguished policing career spanning more than three decades and currently serves in a senior executive leadership role within the NSW Police Force.

Scott was awarded the Australian Police Medal in 2019 in recognition of his distinguished service and is a member of the Australian Institute of Company Directors (AICD).

Scott has previously held Director/Committee roles with Police Legacy, Police Shop, and Police Provident Fund.

YOUR EXECUTIVE LEADERSHIP TEAM



Greg McKenna BEc, MAppFin, BBgF, GAICD | CHIEF EXECUTIVE OFFICER

Greg has served as Chief Executive Officer of Police Bank since March 2020. Prior to his appointment as CEO, Greg served as Chair of Police Bank from January 2019 and was a Director from July 2012 to July 2018.

With almost four decades of experience across Australia's financial services sector, Greg has held a range of senior leadership 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 specialising in economics, financial markets, and banking.

Greg holds a Master of Applied Finance from Macquarie University and a Bachelor of Business (Banking and Finance) from Monash University. He is also a graduate of the Australian Institute of Company Directors (AICD) Company Directors Course.



Dr. Leanne Ward DBA, MBA (Dist.), BBus (Hons), FCPA, GAICD | CHIEF FINANCIAL OFFICER

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

Leanne has held Chief Financial Officer roles with several of Australia's leading organisations, including Big W (Woolworths Group), AMP Bank, AMP Financial Planning, and Bank of Melbourne. Earlier in her career, she held senior leadership positions with 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 (AICD).



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 experience in organisational psychology and human resources. A registered psychologist, she has led strategic people and culture initiatives across the funds management, banking, and professional services sectors, with expertise spanning the full breadth of the human resources function.

Prior to joining Police Bank, Danni was a member of the executive team at Pendal Funds Management (formerly BT Investment Management), where she served as Head of Human Resources. She has also held senior human resources leadership and consulting roles with Westpac Banking Corporation and PwC Consulting, specialising in talent strategy, organisational development, and workforce transformation.

Danni has extensive experience as an organisational psychologist, with a particular focus on psychometric and behavioural assessment to support talent selection, leadership development, and employee growth. 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.



Nicholas Tseros EMBA | CHIEF MEMBER OFFICER

Nicholas is Chief Member Officer of Police Bank, where he leads all member-facing and digital channels, including branches, the contact centre, relationship management, digital applications, and business development.

With more than 15 years of experience in financial services and mutual banking, Nicholas has held senior leadership roles spanning retail banking, strategy, product, marketing, and partnerships. He has extensive experience leading operational, cultural, and digital transformation initiatives to enhance member experience and deliver sustainable growth.

Nicholas holds an Executive Master of Business Administration from the University of Technology Sydney, with a focus on enterprise leadership, organisational transformation, digital disruption, innovation, strategy, and customer experience.

Nicholas has built strong relationships with police and frontline service communities across Australia, as well as with peer mutual banks internationally. Beyond his professional responsibilities, he actively supports police associations and clubs and volunteers in local youth sport and grassroots initiatives.



Amanda Rohl B.BUS | CHIEF PRODUCT AND MARKETING OFFICER

Amanda joined Police Bank in 2024 and leads the development of integrated marketing strategies and product innovation initiatives that support member growth and financial wellbeing. She is responsible for ensuring the Bank's product suite remains aligned with evolving member needs, strategic objectives, and market expectations.

Amanda brings more than 25 years of experience across Australia, the United Kingdom, and Europe, with extensive expertise in marketing, product development, and brand leadership. She has held senior leadership roles across the financial services, telecommunications, beauty, and agency sectors.

Amanda has a strong track record of delivering commercial and customer outcomes through strategic transformation, product innovation, and the development of high-performing teams. Her experience spans customer growth, brand strategy, product management, and organisational change, supporting sustainable business performance and enhanced customer experience.



Antar Chahine GAICD, FCPA, CFE, BCom | CHIEF RISK OFFICER

Antar joined Police Bank in 2026 as Chief Risk Officer, bringing more than 20 years of experience in enterprise risk, governance, and compliance within Australia's mutual banking sector.

Prior to joining Police Bank, Antar served as Chief Risk Officer at Qudos Bank for eight years, having previously held the role of Chief Internal Auditor. During his tenure, he led significant regulatory uplift, enterprise risk management, and organisational resilience initiatives, strengthening governance frameworks through periods of change and growth.

Antar's expertise spans enterprise risk management, compliance, fraud and scam prevention, privacy, and operational resilience. He works closely with the Board, CEO, and Executive Team to strengthen risk culture, support sustainable growth, and safeguard the interests of members.



Richard Coldwell BA Hons, PMP | CHIEF INFORMATION OFFICER

Richard joined Police Bank in 2026 as Chief Information Officer, bringing extensive leadership experience in banking technology, digital transformation, and operations. Prior to joining Police Bank, he held senior technology and transformation roles with Community First Bank, Australian Military Bank, and Illawarra Credit Union, leading enterprise-wide initiatives across technology, lending, payments, and operational improvement.

Richard has a strong track record of delivering complex business and technology transformation programs that enhance member experience, improve operational performance, and strengthen organisational capability.

He holds a Bachelor of Arts in Politics, Economics and History from the University of East Anglia (UK), is a certified Project Management Professional (PMP), and is a member of the Project Management Institute.

POLICE BANK LIMITED
AND ITS CONTROLLED ENTITIES

ABN 95 087 650 799

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2026

TABLE OF CONTENTS

Directors' Report	34
Auditor's Independence Declaration	38
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39
Consolidated Statement of Financial Position	40
Consolidated Statement of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Notes to and forming part of the financial statements	43
Consolidated Entity Disclosure Statement	106
Directors' Declaration	107
Independent Auditor's Report to the Members	108

DIRECTORS' REPORT

POLICE BANK LIMITED AND ITS CONTROLLED ENTITIES
ABN 95 087 650 799
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

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 2026. In order to comply with the provisions of the Corporations Act 2001 (Cth), the directors report as follows:

Directors

The following persons served as Directors of the Bank during the financial year. Unless otherwise indicated, they served as Directors for the full year ended 30 June 2026 and remained in office as at the date of this report:

- Peter Remfrey
- Colin Dyson
- Justine Saunders
- Sarv Girn
- Robert Redfern
- David Hudson
- Patrick Gooley
- Joanna Bushby – Ceased 28 November 2025
- Scott Whyte – Appointed 26 February 2026
- Julie Elliott – Appointed 1 June 2026

Refer to page 28 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, 4 Governance & Remuneration Committee meetings, 3 Board Technological Transformation Committee meetings; and 3 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)	10	11	3	3	3	3	3	4	3	3	2	2
Robert Redfern (Deputy Chair)	11	11	2	3	3	3	3	4	2	3	1	1
Joanna Bushby*	4	5	1	1	1	1	1	2	–	–	–	–
Colin Dyson	11	11	3	3	3	3	–	–	–	–	–	–
Patrick Gooley	11	11	3	3	3	3	4	4	–	–	–	–
David Hudson	10	11	–	–	2	3	4	4	–	–	–	–
Justine Saunders	8	11	–	–	2	3	2	4	–	–	–	–
Sarv Girn	10	11	3	3	3	3	–	–	3	3	–	–
Scott Whyte**	4	4	–	–	–	–	1	1	–	1	–	–
Julie Elliott***	1	1	1	1	1	1	–	–	–	–	–	–

* Joanna Bushby ceased as a director of the Bank effective 28 November 2025.

** Effective 30 April 2026, Scott Whyte was appointed as a member of the Board Technological Transformation Committee and the Board Governance & Remuneration Committee.

*** Effective 15 June 2026, Julie Elliott was appointed to the Board Audit Committee and the Board Risk Committee.

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

Directorship of listed companies

During the three years immediately preceding the end of the financial year, Julie Elliott served as a director of Cash Converters International Limited, an ASX-listed company, until 22 May 2024. No other directorships in listed companies were held by any of the directors during this period.

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 for a contract insuring the directors, company secretary, executive officers, and the directors, company secretary and executive officers of any related body corporate against liabilities incurred in their capacity as such officers, to the extent permitted by the Corporations Act 2001.

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. During the year, its principal activities comprised the provision of retail financial services to members, including the acceptance of deposits, the granting of loans, and the provision of other financial services in accordance with its Constitution. The Group also provided financial planning and advisory services. There were no significant changes in the nature of these activities during the year.

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 notes that, for financial years ending on or after 30 June 2028, it will be required to prepare annual sustainability reports containing mandatory climate-related financial disclosures. The Group has assessed the applicability of environmental regulations to its operations and determined that, other than these reporting requirements, there are no material environmental regulations that apply to the Group.

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 delivered a strong financial result for the year ended 30 June 2026, reporting net profit after tax (NPAT) of $8.7 million (FY25: $4.5 million), an increase of $4.2 million on the prior year. This result was achieved in a challenging operating environment and reflects the Group's continued focus on balancing member outcomes in a higher interest rate environment while maintaining strong underlying business performance. The Group also continued to invest in its business and strategic initiatives during the year.

Total assets increased to $3.2 billion at 30 June 2026 (FY25: $2.8 billion), including gross loans and advances of $2.6 billion (FY25: $2.2 billion). The provision for expected credit losses was $12.1 million (FY25: $8.9 million), representing 0.46% (FY25: 0.40%) of gross loans and advances. The Group maintains a prudent level of provisioning to mitigate potential future losses arising from economic uncertainty.

Total equity at 30 June 2026 was $255.6 million (FY25: $242.2 million). The regulatory capital adequacy ratio was 20.97% (FY25: 22.62%) and the Minimum Liquidity Holdings (MLH) ratio was 15.78% (FY25: 18.10%), both significantly above minimum prudential requirements.

Looking ahead, the operating environment remains uncertain and subject to change. The notes to the financial statements outline the critical accounting estimates and judgements applied in preparing the 2025/26 financial statements and in accounting for known risks. The Directors consider that the Group's financial position, capital strength, liquidity profile and asset quality demonstrate that it is well positioned to navigate future challenges and opportunities, and expect the Group to remain profitable, liquid and well capitalised over the coming year.

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). 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 (2025: $nil).

Company secretary

Jade Cook resigned as Company Secretary of the Bank on 25 June 2026. On the same date, Anshul Aggarwal was appointed as Company Secretary. Anshul is an experienced Company Secretary and corporate governance professional with Source Governance, the Bank's external company secretarial and governance services provider. She has extensive experience supporting boards and senior executives across highly regulated and multinational organisations on governance, company secretarial and compliance matters. Anshul is a Fellow 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

The following events occurred after 30 June 2026:

- $2.4 million of the $4.2 million employee pay and entitlements provision recognised at 30 June 2026 was settled. Refer to note 22, Provisions, for further details. The remaining provision primarily relates to amounts payable to former employees and remains outstanding pending completion of employee contact and verification procedures. The settlement of these obligations after the reporting date provides additional evidence regarding the completeness and measurement of the provision recognised at 30 June 2026.

- Police Bank Limited and Transport Mutual Credit Union (TMCU) entered a Memorandum of Understanding (MoU) to explore a potential merger between the two organisations. The proposed merger remains subject to approval by the Australian Prudential Regulation Authority (APRA) and TMCU members, with member approval expected to be sought in early 2027. Subject to obtaining the necessary approvals, completion of the merger is expected to occur during late FY27 or early FY28. The proposed merger would bring together two industry-based mutual organisations and is intended to enhance member benefits while continuing to support members working in essential service industries.

Other than the matters described above, there have been no events occurring after the reporting date that have significantly affected, or may significantly affect, the Group's operations, results of operations, or financial position in future reporting periods.

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 to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Group, or intervene 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. No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001 (Cth).

Auditor's Independence Declaration

The Auditor's Independence Declaration is included after this report on page 38.

Rounding-off of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 and, in accordance with that Instrument, amounts contained in the Directors' Report have been rounded to the nearest million dollars unless otherwise stated.

Declaration

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



Peter Remfrey
Director, Chair
Sydney, 30 September 2026



Robert Redfern
Director, Deputy Chair
Sydney, 30 September 2026

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Tel: +61 2 9322 7000
Fax: +61 2 9322 7001
www.deloitte.com.au

30 September 2026

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 financial year ended 30 June 2026, 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

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 2026

		GROUP		BANK	
		2026	2025	2026	2025
	Note	$M	$M	$M	$M
Continuing operations					
Income					
Interest income	2	148.8	141.2	148.7	141.1
Interest expense	3	(76.6)	(72.1)	(76.6)	(72.0)
Net interest income		**72.2**	**69.1**	**72.1**	**69.1**
Non-interest income	4	8.2	7.4	5.7	4.9
Total income		**80.4**	**76.5**	**77.8**	**74.0**
Expected credit loss (expense)/reversal, net of recoveries	5	**(3.4)**	**0.1**	**(3.4)**	**0.1**
Expenditure					
Employment expenses	6	(37.7)	(31.7)	(36.2)	(30.1)
Operating expenses	7	(25.8)	(38.5)	(25.4)	(38.0)
Depreciation	8	(1.2)	(1.1)	(1.2)	(1.1)
Total expenditure		**(64.7)**	**(71.3)**	**(62.8)**	**(69.2)**
Profit before income tax		**12.3**	**5.3**	**11.6**	**4.9**
Income tax expense	9	(3.6)	(0.8)	(3.3)	(0.7)
Profit after income tax from continuing operations		**8.7**	**4.5**	**8.3**	**4.2**
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	-	–	–	–
Movement in equity investment revaluation reserve, net of tax	25	4.6	1.8	4.6	1.8
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	0.1	1.0	0.1	1.0
Total other comprehensive income/(loss)		**4.7**	**7.8**	**4.7**	**7.8**
Total other comprehensive income for the year from continuing operations		**13.4**	**12.3**	**13.0**	**12.0**
Attributable to:					
Non-controlling interest		–	–	–	–
Members of the Group		13.4	12.3	13.0	12.0
		13.4	12.3	13.0	12.0

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 2026

		GROUP		BANK	
		2026	2025	2026	2025
	Note	$M	$M	$M	$M
Assets					
Cash and cash equivalents	**10**	82.6	65.4	43.9	27.9
Trade and other receivables	**11**	21.6	3.0	21.5	2.8
Investment securities	**12**	434.1	447.9	434.1	447.9
Equity investment	**13**	16.4	9.8	16.4	9.8
Loans and advances	**14**	2,614.6	2,227.5	2,614.6	2,227.5
Current tax receivable	**9**	1.3	-	1.3	-
Net deferred tax assets	**9**	1.8	5.7	1.7	5.6
Investment in subsidiaries	**15**	-	-	40.9	40.3
Property and equipment	**16**	17.1	17.0	17.1	17.0
Right-of-use assets	**17**	1.3	1.1	1.2	1.0
Other assets	**18**	2.8	2.3	2.8	2.3
Total assets		**3,193.6**	**2,779.7**	**3,195.5**	**2,782.1**
Liabilities					
Deposits	**19**	2,219.1	2,094.6	2,219.1	2,094.6
Borrowings	**20**	699.2	407.9	699.2	407.9
Trade and other payables	**21**	6.8	20.8	6.6	20.7
Current tax liabilities	**9**	-	2.7	-	2.7
Derivative liabilities	**24**	-	0.2	-	0.2
Provisions	**22**	11.6	10.2	11.4	10.0
Lease liabilities	**23**	1.3	1.1	1.2	1.0
Total liabilities		**2,938.0**	**2,537.5**	**2,937.5**	**2,537.1**
Net assets		**255.6**	**242.2**	**258.0**	**245.0**
Equity					
Reserves	**25**	65.6	60.9	66.7	62.0
Retained earnings		190.0	181.3	191.3	183.0
Total equity		**255.6**	**242.2**	**258.0**	**245.0**

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 2026

GROUP	Note	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTEREST $M	TOTAL EQUITY $M
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**
At 1 July 2025		**60.9**	**181.3**	**242.2**	**-**	**242.2**
Profit for the year		-	8.7	8.7	**-**	**8.7**
Other comprehensive income	**25**	4.7	-	4.7	**-**	**4.7**
Total comprehensive income		**4.7**	**8.7**	**13.4**	**-**	**13.4**
At 30 June 2026		**65.6**	**190.0**	**255.6**	**-**	**255.6**

BANK	Note	RESERVES $M	RETAINED EARNINGS $M	TOTAL $M	NON-CONTROLLING INTEREST $M	TOTAL EQUITY $M
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**
At 1 July 2025		**62.0**	**183.0**	**245.0**	**-**	**245.0**
Profit for the year		-	8.3	8.3	**-**	**8.3**
Other comprehensive income	**25**	4.7	-	4.7	**-**	**4.7**
Total comprehensive income		**4.7**	**8.3**	**13.0**	**-**	**13.0**
At 30 June 2026		**66.7**	**191.3**	**258.0**	**-**	**258.0**

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 2026

		GROUP		BANK	
		2026	2025	2026	2025
	Note	$M	$M	$M	$M
Cash flows from operating activities					
Interest received		147.9	140.2	147.8	140.1
Other income received		8.0	6.8	5.4	4.3
Interest paid		(75.1)	(71.7)	(75.1)	(71.7)
Payments to suppliers and employees (inclusive of GST)		(95.5)	(60.1)	(93.6)	(58.0)
Income tax paid		(5.5)	(1.8)	(5.3)	(1.6)
Cash flows from operating activities before changes in operating assets and liabilities		**(20.2)**	**13.4**	**(20.8)**	**13.1**
Net movement in gross loans and advances		(390.7)	(193.4)	(390.7)	(193.6)
Net movement in deposits		127.6	134.8	127.6	135.1
Net cash outflow from operating activities	**33**	**(283.3)**	**(45.2)**	**(283.9)**	**(45.4)**
Cash flows from investing activities					
Movement in investment securities					
Redemption of investment securities		466.1	418.0	466.1	418.0
Purchase of investment securities		(451.8)	(440.6)	(451.8)	(440.6)
Proceeds from Cuscal Limited shares sold	**13**	-	8.2	-	8.2
Dividends received	**4**	0.3	0.6	0.3	0.6
Payments for property and equipment	**16**	(0.6)	-	(0.6)	-
Net cash inflow / (outflow) from investing activities		**14.0**	**(13.8)**	**14.0**	**(13.8)**
Cash flows from financing activities					
Restricted cash (outflow) / inflow to securitised trust		-	-	(0.6)	8.1
Net increase in borrowings advanced		287.2	44.5	287.2	44.5
Repayment of lease liabilities	**23**	(0.7)	(0.6)	(0.7)	(0.6)
Net cash inflow from financing activities		**286.5**	**43.9**	**285.9**	**52.0**
Net increase / (decrease) in cash and cash equivalents		**17.2**	**(15.1)**	**16.0**	**(7.2)**
Cash and cash equivalents at the beginning of the year		65.4	80.5	27.9	35.1
Cash and cash equivalents at the end of the year	**10**	**82.6**	**65.4**	**43.9**	**27.9**

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. General information

1.1 Corporate information

The Financial Report for Police Bank Limited ("the Bank") as an individual entity and the consolidated entity consisting of the bank and its controlled entities ("the Group") for the year ended 30 June 2026, was approved and authorised for issue by the Board of Directors on 30 September 2026.

The Financial Report includes the consolidated and standalone financial statements of the Group and the Bank, respectively. Notes accompanying the financial statements, the consolidated entity disclosure statement and the Directors' declaration form part of the Financial Report. The key subsidiary of the Group is Chelsea Wealth Management which is wholly owned and controlled. The Group is also a 100% beneficiary of the PB Trust 2022-1R (the Trust).

The Bank is a member owned mutual Australian Public Company, 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 company is limited by shares and guarantee, and is a for-profit disclosing entity for the purpose of preparing financial statements.

The nature of the operations and principal activities of the Group during the year comprised the provision of retail financial services to members, including the acceptance of deposits, the granting of loans, and the provision of other financial services in accordance with its Constitution. The Group also provided financial planning and advisory services. There were no significant changes in the nature of these activities during the year.

1.2 Basis of accounting

The financial report is a:

- is a general purpose financial report;
- has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and the Banking Act 1959;
- is presented in Australian dollars, which is the Bank's functional and presentation currency, with all values rounded to the nearest million dollars ($M) in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 unless otherwise indicated;
- has been prepared using a historical cost basis, except for certain assets and liabilities (including derivative financial instruments, financial assets recognised at fair value through other comprehensive income (FVOCI) and certain classes of property, plant and equipment) measured at fair value;
- presents assets and liabilities on the face of the consolidated Statement of Financial Position in decreasing order of liquidity;
- contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated;

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.

Comparative information

Where necessary, immaterial comparative information has been reclassified and repositioned for consistency with current year disclosures. The 2025 comparative disclosures have been reclassified from Trade and other receivables to instead disclose accrued interest on certain financial assets in their relevant notes, in accordance with AASB 9 Financial Instruments.

1. General information (continued)

1.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of accounting estimates and assumptions. 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 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 outlined below:

- Provision for expected credit losses (ECL) Note 14
- Provisions Note 22
- Fair value measurement Note 28

1.4 Goods and services tax (GST)

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. 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.

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.

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

1.5 Adoption of new and revised Australian Accounting Standards and Interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2025.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period are set out below and have not been early adopted by the Group.

AASB 18 was issued in April 2024 and replaces AASB101 Presentation of Financial Statements. The new standard will be effective for the Group from 1 July 2027 and will therefore be initially applied in the financial year ending 30 June 2028. The 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”.

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows.

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.

1. General information (continued)

1.5 Adoption of new and revised Australian Accounting Standards and Interpretations (continued)

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.

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.

2. Interest income

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Loans and advances	122.4	115.2	122.4	115.2
Investment securities	21.2	21.1	21.2	21.1
Credit cards	0.8	0.9	0.8	0.9
Overdrafts	0.5	0.6	0.5	0.6
Cash at bank	3.9	3.4	3.8	3.3
Total interest income	**148.8**	**141.2**	**148.7**	**141.1**

(a) Recognition and measurement

Interest income is recognised in the income statement on an accruals basis using the effective interest rate method for all instruments measured at amortised cost, in accordance with AASB 9 Financial instruments. The effective interest rate method is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Interest revenue on loans and advances is calculated on the daily balance outstanding and is charged in arrears to a customer's account monthly. Cash at bank earns interest at variable rates based on daily bank and short-term deposit rates.

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. These fees and transaction costs are deferred over the expected life of the instrument according to the effective interest method. The deferred costs are recorded in interest income from loans and advances.

3. Interest expense

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Member deposits	19.6	19.8	19.6	19.8
Term deposits from members	31.1	31.4	31.1	31.4
Wholesale funding	25.8	19.9	25.8	19.9
Interest rate swaps	0.1	0.9	0.1	0.9
Lease liabilities	-	0.1	-	-
Total interest expense	**76.6**	**72.1**	**76.6**	**72.0**

(a) Recognition and measurement

Interest payable on the deposits is calculated on the daily balance and is credited in arrears. Interest expense is recognised on an accrual basis using the effective interest rate method.

4. Non-interest income

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Loan fee income	4.1	3.2	4.1	3.2
Financial advisory fee income	2.5	2.5	-	-
Commission income	1.0	1.0	1.0	1.0
Dividend income	0.3	0.6	0.3	0.6
Other income	0.2	-	0.2	-
Rent income	0.1	0.1	0.1	0.1
Total non-interest income	**8.2**	**7.4**	**5.7**	**4.9**

(a) Recognition and measurement

Non-interest 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.

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.

Financial advisory fee income consists of upfront financial advice fees for providing a statement of advice to new and existing clients, ongoing financial advice fees in the form of a monthly retainer and upfront and ongoing commissions for the provision of personal insurance advice. Ongoing commissions are recognised monthly whilst the insurance contract is in place between the client and their insurer.

Commission income comprises of commission on insurance, BPAY, foreign cash and international transactions is recognised when the performance obligation is satisfied. Dividend income is recognised as income on the date the Group's right to receive payments is established and rental income is recognised as services are rendered.

5. Impairments

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Expected credit loss provision (reversal) / charge	3.2	(0.4)	3.2	(0.4)
Impaired loans written off	0.2	0.3	0.2	0.3
Impaired loans recovered	-	-	-	-
Total expected credit loss, net of recoveries	**3.4**	**(0.1)**	**3.4**	**(0.1)**

(a) Recognition and measurement

When a financial asset is uncollectible, it is written off against the related expected credit loss provision 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.

6. Employment expenses

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Salary and salary related expenses	29.9	25.6	28.6	24.3
Payroll tax and superannuation expenses	5.3	4.1	5.1	3.8
Board and committee related expenses	0.9	0.9	0.9	0.9
Other employment expenses	1.6	1.1	1.6	1.1
Total employment expenses	**37.7**	**31.7**	**36.2**	**30.1**

7. Operating expenses

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Transaction fee expenses	7.7	7.7	7.7	7.7
Transformation, IT and professional fees	10.5	23.4	10.4	23.3
Marketing expenses	4.9	2.9	4.9	2.9
General administration, occupancy and other operating expenses	2.7	4.5	2.4	4.1
Total operating expenses	**25.8**	**38.5**	**25.4**	**38.0**

8. Depreciation

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Buildings	0.3	0.4	0.3	0.4
Equipment	0.2	0.1	0.2	0.1
Right-of-use property assets	0.7	0.6	0.7	0.6
Right-of-use motor vehicle assets	-	-	-	-
Total depreciation	**1.2**	**1.1**	**1.2**	**1.1**

9. Tax

9.1 Income tax expense

Numerical reconciliation of income tax expense to profit before tax

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Profit before income tax	12.3	5.3	11.6	4.9
Income tax at 30%	3.7	1.6	3.5	1.5
Prior year adjustments	(0.1)	(0.8)	(0.1)	(0.8)
Non-deductible expenses	0.1	0.1	-	0.1
Rebate on fully franked dividends	(0.1)	(0.1)	(0.1)	(0.1)
Income tax expense	**3.6**	**0.8**	**3.3**	**0.7**
Income tax expense comprises:				
Current income tax expense	1.8	2.8	1.5	2.7
Decrease / (Increase) in deferred tax assets	1.9	(2.2)	1.9	(2.2)
(Decrease) / increase in deferred tax liabilities	(0.1)	0.2	(0.1)	0.2
Income tax expense recognised in profit or loss	**3.6**	**0.8**	**3.3**	**0.7**

9.2 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	
	2026	2025	2026	2025
	$M	$M	$M	$M
Current tax receivable / (payable)	1.3	(2.7)	1.3	(2.7)

9.3 Deferred tax assets and liabilities

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

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Provision for expected credit loss	3.7	2.7	3.7	2.7
Provision for employee entitlements	2.3	1.4	2.2	1.3
Derivative liabilities	-	0.1	-	0.1
Accrued expenses	1.2	4.8	1.2	4.8
Software implementation and development costs	1.1	1.3	1.1	1.3
Other	0.4	0.3	0.4	0.3
Total deferred tax assets	8.7	10.6	8.6	10.5
Set-off of deferred tax liabilities	(6.9)	(4.9)	(6.9)	(4.9)
Net deferred tax assets	**1.8**	**5.7**	**1.7**	**5.6**

9. Tax (continued)

9.3 Deferred tax assets and liabilities (continued)

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

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Property, plant and equipment	1.8	1.9	1.8	1.9
Equity investment at fair value	4.9	2.9	4.9	2.9
Other	0.2	0.1	0.2	0.1
Total deferred tax liabilities	**6.9**	**4.9**	**6.9**	**4.9**
Set-off deferred tax liabilities against deferred tax assets	(6.9)	(4.9)	(6.9)	(4.9)
Net deferred tax liabilities	**-**	**-**	**-**	**-**
(a) Movement				
Opening balance of net deferred tax assets	5.7	4.4	5.6	4.3
Recognised in profit or loss	(1.8)	1.9	(1.8)	1.9
Recognised in other comprehensive income	(2.1)	(0.6)	(2.1)	(0.6)
Closing balance of net deferred tax assets	**1.8**	**5.7**	**1.7**	**5.6**

(b) Amounts recognised directly in equity

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

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Aggregate of deferred tax related to:				
Net movement on cash flow hedges	(0.1)	(0.4)	(0.1)	(0.4)
Net movement on Cuscal investment measured at FVOCI	(2.0)	(0.2)	(2.0)	(0.2)
Net movement on revaluation of land	-	-	-	-
	(2.1)	**(0.6)**	**(2.1)**	**(0.6)**
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 25 for more details.

(c) Recognition and measurement

Income tax expense

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.

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. 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. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

9. Tax (continued)

9.3 Deferred tax assets and liabilities (continued)

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. 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.

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.

Recoverability of deferred taxes

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 2026. As at 30 June 2026, the Group has not recognised a deferred tax asset for any cumulative unused tax losses (2025: $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 $1.8 million temporary timing differences as at 30 June 2026 (2025: $5.7 million)

10. Cash and cash equivalents

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Cash on hand	0.8	0.9	0.8	0.9
Cash at bank	16.7	15.9	13.9	13.7
Deposits at call	28.9	13.1	28.9	13.1
Restricted cash	35.9	35.3	-	-
Accrued interest on cash and cash equivalents	0.3	0.2	0.3	0.2
Total cash and cash equivalents	**82.6**	**65.4**	**43.9**	**27.9**

(a) Recognition and measurement

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 short-term commitments. 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. Refer to note 28 for information on fair value measurement.

(b) Restrictions over cash and cash equivalents

Restricted cash is cash held in the PB Trust 2022-1R as collateral for the trust. The PB Trust 2022-1R 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. Included within cash and cash equivalents at 30 June 2026 is $35.9 million (2025: $35.3 million) on restricted cash for liquidity and expense reserve respectively.

10. Cash and cash equivalents (continued)

(c) 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 2026 (2025: $Nil).

(d) Guarantees

Refer to note 29 for further details on financial guarantees in place during the current and previous financial year in relation to cash and cash equivalents.

(e) Maturity profile

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

11. Trade and other receivables

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Payment system clearing accounts	21.4	2.7	21.5	2.7
Sundry debtors	0.2	0.3	-	0.1
Total trade and other receivables	**21.6**	**3.0**	**21.5**	**2.8**

The significant increase in payment system clearing account balances compared to the prior year was primarily attributable to the timing of a $21.4 million Bulk Electronic Clearing System (Direct Entry) settlement processed on 30 June 2026 and settled on 1 July 2026.

(a) Recognition and measurement

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

(b) 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.

(c) Expected credit losses

The expected credit loss is $Nil for 30 June 2026 (2025: $Nil).

12. Investment securities

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
At amortised cost:				
State Government or Territory borrowings	147.3	109.5	147.3	109.5
Bank bills and certificates of deposit	75.1	64.3	75.1	64.3
Medium term notes	208.8	271.4	208.8	271.4
Accrued interest on investment securities	3.1	2.9	3.1	2.9
Expected credit loss provision	(0.2)	(0.2)	(0.2)	(0.2)
Total investment securities	**434.1**	**447.9**	**434.1**	**447.9**

(a) Recognition and derecognition

Financial assets are recognised on the settlement date, the date on which the Group becomes a party to the contractual provisions of the instrument. 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.

(b) Classification and measurement

Financial assets are classified into measurement classifications based on two criteria:

- the business model within which the financial asset is managed; and
- the contractual terms of the financial asset, specifically whether the contractual cash flows represent solely payments of principal and interest.

The classification models based on the criteria above for financial assets are as follows:

- Amortised cost: Financial assets with contractual cash flows that comprise solely of payments of principal and interest and are held in a business model where the objective is to hold assets in order to collect contractual cash flows.
- At fair value through other comprehensive income (FVTOCI): Financial assets with contractual cash flows that comprise solely of payments of principal and interest and which are held in a business model where the objective is to collect cash flows or sell the assets; and
- At fair value through profit or loss (FVTPL): Any other financial assets not falling into the categories above. A financial asset may be irrevocably designated at FVTPL on initial recognition when the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group measures investment securities at amortised cost. The classification is determined by the business model and purpose for which the investments where required and the contractual terms of the cash flows.

During the year, the Group increased its holdings of semi-government securities from $109.5 million to $147.3 million. This strategic reallocation formed part of the Group's ongoing liquidity management strategy to diversify its high-quality liquid asset portfolio and reduce concentration risk. By increasing exposure to semi-government securities, the Group strengthened the resilience and quality of its liquidity buffer while maintaining prudent risk management and regulatory compliance.

Financial assets 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.

(c) 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.

12. Investment securities (continued)

(d) 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.

(e) Investments pledged as collateral

The bank bills and certificates of deposits include $20.8 million (2025: $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 2026 is fully unencumbered.

(f) Expected credit losses

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.

The table below represents the reconciliation of opening balance to closing balance of expected credit loss. During the year, the Group expected credit loss provision charge was $Nil (2025: $0.1 million reversal). Refer to note 5, Expected credit loss and impairment, net of recoveries.

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Opening balance as at 1 July	(0.2)	(0.3)	(0.2)	(0.3)
Expected credit loss provision reversal	-	0.1	-	0.1
Closing balance as at 30 June	**(0.2)**	**(0.2)**	**(0.2)**	**(0.2)**

13. Equity investment

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
At fair value through OCI:				
Shares in Cuscal Limited	16.4	9.8	16.4	9.8
Total equity investment	**16.4**	**9.8**	**16.4**	**9.8**

(a) Recognition and derecognition

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. When equity investments are de-recognised, the cumulative gain or loss in equity is transferred from equity to the Group's retained earnings.

(b) Classification and measurement

The investment is held to enable the Group to receive essential banking services. On adoption of AASB 9, the Group made an irrevocable election for the investment in Cuscal shares to be measured at fair value through other comprehensive income (FVTOCI). Fair value is determined using 'Level 1' inputs based on the closing share price quoted by the ASX, as set out in note 28, fair values.

13. Equity investment (continued)

(c) Maturity profile

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

(d) Valuation of shares

	VALUATION METHOD	FAIR VALUE HIERARCHY	TOTAL SHARES	FAIR VALUE PER SHARE	FAIR VALUE $'000
2026	Active Market	Level 1	3,268,764	$5.02	$16,442
2025	Active Market	Level 1	3,268,764	$3.00	$9,806

During the year, the Group recognised fair value gains of $4.6 million (2025: $1.8 million) on its equity investment measured at fair value through other comprehensive income (FVTOCI), which were recognised in the Statement of Profit or Loss and Other Comprehensive Income, net of tax. Refer to Note 25. The related deferred tax liability increased by $2.0 million during the year (2025: $2.6 million). Refer to Note 9.

(e) Dividends

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. During the year, the Group recognised $0.3 million (2025: $0.6 million) of fully franked dividends from investment securities at FVTOCI in profit or loss. Refer to the non-interest income note 4.

(f) Movement reconciliation

	GROUP AND BANK
	$M
Reconciliation	
Balance at 1 July 2024	9.2
Net change in fair value recognised in other comprehensive income, gross of tax	0.6
Balance at 30 June 2025	**9.8**
Balance at 1 July 2025	9.8
Net change in fair value recognised in other comprehensive income, gross of tax	6.6
Balance at 30 June 2026	**16.4**

14. Net loans and advances

14.1 Net loans and advances at amortised cost

GROUP AND BANK	2026	2025
Analysis by purpose	$M	$M
Home loans	2,542.7	2,156.0
Personal loans	68.8	64.0
Credit cards	12.9	13.3
Overdrafts	4.0	4.6
Commercial loans	0.2	0.3
Gross loans and advances	**2,628.6**	**2,238.2**
Expected credit loss	(12.1)	(8.9)
Deferred fees	(1.9)	(1.8)
Total net loans and advances	**2,614.6**	**2,227.5**

14. Net loans and advances (continued)

14.1 Net loans and advances at amortised cost (continued)

(a) Recognition and measurement

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.

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 2026, a total of 23 loans (2025: 24 loans) have been advanced under the scheme with balances owing of $13.3 million (2025: $13.6 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.

(b) Loans and advances by security

GROUP AND BANK	SECURED AGAINST REAL ESTATE		SECURED BY OTHERS		UNSECURED	
	2026	2025	2026	2025	2026	2025
Credit quality – security held against loans:	$M	$M	$M	$M	$M	$M
Home Loans	2,542.7	2,156.0	-	-	-	-
Personal loans	-	-	47.6	44.3	21.2	19.7
Credit cards	-	-	-	-	12.9	13.3
Overdrafts	-	-	-	-	4.0	4.6
Commercial Loans	0.2	0.3	-	-	-	-
Total gross loans and advances	**2,542.9**	**2,156.3**	**47.6**	**44.3**	**38.1**	**37.6**

14. Net loans and advances (continued)

14.1 Net loans and advances at amortised cost (continued)

(c) Concentration of loans and advances

The Group's loans and advances can be analysed by the following geographical regions. Where the loan is secured, the geographical location disclosed is based on the location of the security:

GROUP AND BANK	2026	2025
Gross loans and advances by geographical concentration	$M	$M
New South Wales	1,849.1	1,662.6
Australian Capital Territory	212.9	193.8
Queensland	185.1	131.2
Victoria	161.9	96.6
Tasmania	137.3	115.0
Western Australia	48.8	21.8
South Australia	27.1	11.6
Others	6.4	5.6
Total gross loans and advances	**2,628.6**	**2,238.2**

Individual concentration

As at 30 June 2026 there was no loan to any individual member, which represents 10% or more of loans and advances (2025: 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.

(d) Exposure of undrawn facilities

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	2026	2025
Credit exposure to undrawn facilities:	$M	$M
Loans approved not yet funded	84.4	74.3
Undrawn credit limits and re-draw	51.3	52.8
Total undrawn facilities	**135.7**	**127.1**

(e) Maturity profile

GROUP AND BANK	2026	2025
	$M	$M
Expected maturities within 12 months	210.3	209.3
Expected maturities greater than 12 months	2,404.3	2,018.1
Total net loans and advances	**2,614.6**	**2,227.4**

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

(f) Fair value measurement

Refer to note 28 for information on fair value measurement.

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses

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

GROUP AND BANK	2026	2025
Expected credit losses for loans and advances	$M	$M
Opening balance as at 1 July	(8.9)	(9.2)
Expected credit loss provision (charge) / reversal	(3.2)	0.3
Closing balance as at 30 June	**(12.1)**	**(8.9)**

(a) Security on credit exposures and credit loss by loan type

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

GROUP AND BANK	2026 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	2,542.7	(9.9)	2,532.8	2,532.8	-	-
Personal loans	68.8	(1.5)	67.4	-	46.6	20.8
Credit cards	12.9	(0.5)	12.4	-	-	12.4
Overdrafts	4.0	(0.1)	3.9	-	-	3.9
Total to Households	**2,628.4**	**(12.0)**	**2,616.5**	**2,532.8**	**46.6**	**37.1**
Commercial Loans	0.2	-	0.2	0.2	-	-
Total	**2,628.6**	**(12.0)**	**2,616.7**	**2,533.0**	**46.6**	**37.1**
Undrawn credit commitments	135.7	(0.1)	135.6	84.3	0.1	51.2
Total loans and advances	**2,764.3**	**(12.1)**	**2,752.3**	**2,617.3**	**46.7**	**88.3**

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	2,156.0	(7.3)	2,148.7	2,148.7	-	-
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
Total to Households	**2,237.9**	**(8.8)**	**2,229.1**	**2,148.7**	**43.6**	**36.8**
Commercial Loans	0.3	-	0.3	0.3	-	-
Total	**2,238.2**	**(8.8)**	**2,229.4**	**2,149.0**	**43.6**	**36.8**
Undrawn credit commitments	127.1	(0.1)	127.0	74.0	0.3	52.7
Total loans and advances	**2,365.3**	**(8.9)**	**2,356.4**	**2,223.0**	**43.9**	**89.5**

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(b) 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	2026 $M				2025 $M			
ECL Staging	Stage 1 12 months	Stage 2 12 months	Stage 3 12 months	Total	Stage 1 12 months	Stage 2 12 months	Stage 3 12 months	Total
Home Loans	1.0	0.3	0.8	2.1	0.8	0.4	0.8	2.0
Personal loans	0.8	0.1	0.3	1.2	0.5	0.2	0.2	0.9
Credit cards	0.3	0.1	0.1	0.5	0.3	0.1	0.1	0.5
Overdrafts	-	-	0.1	0.1	-	-	-	-
Total to Households	**2.1**	**0.5**	**1.3**	**3.9**	**1.6**	**0.7**	**1.1**	**3.4**
Commercial Loans	-	-	-	-	-	-	-	-
Undrawn credit commitments	0.1	-	-	0.1	0.1	-	-	0.1
Management overlays	1.5	1.5	5.1	8.1	0.5	1.5	3.4	5.4
Total expected credit loss	**3.7**	**2.0**	**6.4**	**12.1**	**2.2**	**2.2**	**4.5**	**8.9**

(c) Movement by staging

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

GROUP AND BANK		LIFETIME ECL $M							
Expected Credit losses 2026		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 2025		**2,222.9**	**2.2**	**7.1**	**2.2**	**8.2**	**4.5**	**2,238.2**	**8.9**
Net asset origination		391.8	-	(0.5)	-	(0.7)	-	390.6	-
Transfers during the period to/ (from)	Stage 1	(6.4)	-	2.6	-	3.8	-	-	-
	Stage 2	5.3	-	(5.7)	-	0.4	-	-	-
	Stage 3	2.1	-	1.0	-	(3.1)	-	-	-
Net re-measurement on transfers between stages		**1.0**	**1.6**	**(2.1)**	**(0.2)**	**1.1**	**1.9**	**-**	**3.2**
Write-offs		-	-	(0.1)	-	(0.1)	-	(0.2)	-
Closing balance at 30 June 2026		**2,615.7**	**3.8**	**4.4**	**2.0**	**8.5**	**6.4**	**2,628.6**	**12.1**

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		196.3	-	(0.3)	-	(1.8)	-	194.2	-
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)**
Write-offs		-	-	-	-	(0.3)	-	(0.3)	-
Closing balance at 30 June 2025		**2,222.9**	**2.2**	**7.1**	**2.2**	**8.2**	**4.5**	**2,238.2**	**8.9**

Stage 1 ECL includes a provision of $0.1 million which relates to undrawn credit commitments (2025: $0.1 million).

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(d) 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	
	2026	2025	2026	2025	2026	2025
Credit losses by security	$M	$M	$M	$M	$M	$M
Stage 1	2.5	1.3	0.6	0.3	0.7	0.6
Stage 2	1.7	2.0	0.1	0.1	0.1	0.2
Stage 3	5.8	4.0	0.3	0.3	0.3	0.1
Total expected credit losses	**10.0**	**7.3**	**1.0**	**0.7**	**1.1**	**0.9**

(e) 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	
At 30 June 2026	Carrying amount	ECL	Carrying amount	ECL	Carrying amount	ECL
Loan-to-value ratio (LVR)	$M	$M	$M	$M	$M	$M
<=20%	61.3	(0.1)	-	-	-	-
>20%<=40%	332.0	(0.8)	-	-	-	-
>40%<=70%	1,231.5	(3.0)	-	-	-	-
>70%<=80%	602.8	(4.6)	-	-	-	-
>80%<=90%	141.4	(0.9)	-	-	-	-
>90%<=100%	40.6	(0.1)	-	-	-	-
>100%	-	-	-	-	-	-
>FHLDS*	216.5	(0.5)	-	-	-	-
Secured by others & unsecured	-	-	47.7	(1.0)	90.5	(1.1)
	2,626.1	**(10.0)**	**47.7**	**(1.0)**	**90.5**	**(1.1)**

** 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%: $545.3 million (2025: $414.2 million); and
- LVR's >80%: $53.4 million (2025: $43.7 million).

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.

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.

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(e) Loan to value by security (continued)

GROUP AND BANK	SECURED AGAINST REAL ESTATE		SECURED BY OTHERS		UNSECURED	
At 30 June 2025	Carrying amount	ECL	Carrying amount	ECL	Carrying amount	ECL
Loan-to-value ratio (LVR)	$M	$M	$M	$M	$M	$M
<=20%	57.5	(0.1)	-	-	-	-
>20%<=40%	270.7	(0.5)	-	-	-	-
>40%<=70%	1,074.4	(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)
	2,230.1	**(7.3)**	**44.6**	**(0.7)**	**90.6**	**(0.9)**

(f) 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	2026 IN $M					
Arrears by staging	Gross carrying value	Current	1-29 days	30-59 days	60-89 days	90+ days
Home Loans	2,542.7	2,507.2	23.5	1.5	2.5	8.0
Personal loans	68.8	67.1	1.1	0.1	0.1	0.4
Credit cards	12.9	12.7	-	0.1	-	0.1
Overdrafts	4.0	4.0	-	-	-	-
Commercial Loans	0.2	0.2	-	-	-	-
Total	**2,628.6**	**2,591.2**	**24.6**	**1.7**	**2.6**	**8.5**

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	2,156.0	2,124.7	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
Overdrafts	4.6	4.6	-	-	-	-
Commercial Loans	0.3	0.3	-	-	-	-
Total	**2,238.2**	**2,205.1**	**17.6**	**4.6**	**2.6**	**8.2**

Total arrears increased by $4.4 million to $37.4 million as at 30 June 2026 (2025: $33.0 million). Despite the increase in arrears, loan write-offs remained low and stable at $0.2 million (2025: $0.3 million).

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(g) Impairment of financial assets

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	2026	2025
	$M	$M
Base modelled credit loss provision	**4.0**	**3.5**
Forward looking and management overlays:		
Home loans with LVR's >70%<=80% and no LMI insurance	3.1	2.2
Home loans with LVR's LVR's >80% and no LMI insurance	0.6	0.6
Fixed interest rate home loans that will revert to variable rates	0.7	1.4
Variable rate home loans	1.8	-
Home loan hardship accounts	1.7	1.1
All other loan hardship accounts	0.2	0.1
Total expected credit loss provision	**12.1**	**8.9**

The management overlay as at 30 June 2026 includes a new adjustment for variable-rate home loans, reflecting an increased probability of default resulting from the sustained cash rate of 4.35% and ongoing cost-of-living pressures. These factors may adversely affect members' capacity to meet their repayment obligations and have therefore been incorporated into the expected credit loss assessment.

The increase in arrears has been considered in determining the expected credit loss (ECL) provision as at 30 June 2026. The Group recorded an overlay provision of $8.1 million (2025: $5.4 million) to reflect uncertainty in the forward-looking economic environment, including the impact of elevated interest rates and ongoing inflationary pressures.

GROUP AND BANK	2026	2025
	$M	$M
Total gross loans and advances	2,628.6	2,238.2
Total write-offs	0.2	0.3
Ratios	%	%
Total expected credit loss provisions to gross loans	0.46	0.40
Total write-offs to gross loans	0.01	0.01

Sensitivity analysis

Over the past year, the global and Australian economies have continued to face a challenging operating environment. Inflationary pressures, although moderating from previous highs, remained elevated and contributed to a higher interest rate environment. As noted above the cash rate increased to 4.35% by June 2026 in response to persistent inflation, resulting in increased borrowing costs and ongoing cost-of-living pressures for households and businesses.

The uncertainty associated with measuring the Group's expected credit loss (ECL) allowance for loans and advances to customers remains elevated compared with historical levels. Accordingly, the estimation of ECL continues to require significant judgement, particularly in relation to forward-looking economic assumptions and scenario weightings. Changes in inflation, interest rates, unemployment levels, property market conditions and broader economic activity could result in material changes to the Group's ECL allowance in future reporting periods.

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(g) Impairment of financial assets (continued)

(i) Three-staged approach to determine the provision for expected credit losses

The Group applies a three-stage approach to measure the allowance for expected credit losses on financial assets that are not measured at FVTPL, including financial assets at amortised cost, off-balance sheet loan commitments and financial guarantee contracts.

The model measures credit loss allowances in 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.

STAGE	RECOGNITION AND MEASURMENT 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

(ii) Measurement of expected credit loss

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.

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(g) Impairment of financial assets (continued)

(iii) Definition of Default, impaired assets and write-offs

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.

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.

(iv) 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.

(h) Significant accounting estimates and judgements

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.

(i) 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.

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.

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.

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(h) Significant accounting estimates and judgements (continued)

(ii) Forward-looking information and management overlays

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 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 loans currently on variable interest rates; ▪ Home loan hardship accounts; and ▪ All other loan hardship accounts

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.

14. Net loans and advances (continued)

14.2 Allowance for expected credit losses (continued)

(h) Significant accounting estimates and judgements (continued)

(ii) Forward-looking information and management overlays (continued)

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	2026	2025	EXPECTATION
Base	51.0%	50.0%	Where the Australian economy performs somewhat worse than forecasted by RBA.
Upside	1.5%	15.0%	Where the Australian economy tracks broadly along the lines that the RBA has forecasted in terms of unemployment, growth, and inflation.
Downside	47.5%	35.0%	Where the Australian economy performs significantly worse than forecasted by RBA.

Sources considered in determining the economic scenarios include external information, economic data and forecasts published by the Reserve Bank of Australia (RBA), the Australian Bureau of Statistics (ABS), Australia's major banks and other relevant industry sources. As at June 2026, the RBA cash rate was 4.35%, following a series of interest rate increases during the first half of 2026 in response to persistent inflationary pressures. While inflation has moderated from its peak, it remains above the RBA's target range and economic conditions continue to be affected by elevated borrowing costs and cost-of-living pressures. Labour market conditions have remained relatively resilient, although some moderation in economic activity has been observed.

Significant uncertainty remains regarding the outlook for inflation, interest rates, economic growth and household financial resilience. Accordingly, management has continued to apply judgement in determining forward-looking assumptions and scenario weightings used in the expected credit loss assessment, reflecting the potential impacts of evolving economic conditions on members' repayment capacity.

15. Investment in subsidiaries

The financial statements incorporate the assets, liabilities, and results of the following subsidiaries and trusts. The parent entity of the Group is Police Bank Limited.

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Investment in Chelsea Wealth Management	-	-	5.0	5.0
Investment in PB 2022-1R	-	-	35.9	35.3
Total investment in subsidiaries	**-**	**-**	**40.9**	**40.3**

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 30/6/2026	Proportion of ownership interest and voting power held by the Group per 30/6/2025
Chelsea Wealth Management Pty Limited	Financial planning	Australia	100%	100%
PB Trust 2022-1R	Securitisation trust	Australia	100%	100%

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

15. Investment in subsidiaries (continued)

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.

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.

15.1 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 2026 (2025: $Nil).

15.2 Investment in PB 2022-1R

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

(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. 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 2026 was $437.6 million (2025: $439.2 million). The value of restricted cash in the Trust as at 30 June 2026 was $35.9 million (2025: $35.3 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.

(a) Impairment assessment

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 2026, no impairment indicators were noted (2025: $nil).

(b) Maturity profile

Refer to note 27 for the maturity profile.

16. Property and equipment

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Land – at fair value	**6.6**	**6.6**	**6.6**	**6.6**
Buildings				
At cost	13.9	13.6	13.9	13.6
Less: accumulated depreciation	(4.3)	(4.0)	(4.3)	(4.0)
Total buildings	**9.6**	**9.6**	**9.6**	**9.6**
Equipment				
At cost	1.9	1.8	1.9	1.8
Less: accumulated depreciation	(1.0)	(1.0)	(1.0)	(1.0)
Total equipment	**0.9**	**0.8**	**0.9**	**0.8**
Total property and equipment	**17.1**	**17.0**	**17.1**	**17.0**

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
	$M	$M	$M	$M
At 1 July 2024				
Opening carrying value	**6.4**	**10.0**	**0.9**	**17.3**
Revaluation	0.2	-	-	0.2
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	-	(0.4)	(0.1)	(0.5)
At 30 June 2025	**6.6**	**9.6**	**0.8**	**17.0**
At 1 July 2025				
Opening carrying value	**6.6**	**9.6**	**0.8**	**17.0**
Revaluation	-	-	-	-
Additions	-	0.3	0.3	0.6
Disposals	-	-	-	-
Depreciation	-	(0.3)	(0.2)	(0.5)
At 30 June 2026	**6.6**	**9.6**	**0.9**	**17.1**

16. Property and equipment (continued)

Movements in carrying amounts (continued)

	BANK			
	Land	Buildings	Equipment	Total
	$M	$M	$M	$M
At 1 July 2024				
Opening carrying value	**6.4**	**10.0**	**0.9**	**17.3**
Revaluation	0.2	-	-	0.2
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	-	(0.4)	(0.1)	(0.5)
At 30 June 2025	**6.6**	**9.6**	**0.8**	**17.0**
At 1 July 2025				
Opening carrying value	**6.6**	**9.6**	**0.8**	**17.0**
Revaluation	-	-	-	-
Additions	-	0.3	0.3	0.6
Disposals	-	-	-	-
Depreciation	-	(0.3)	(0.2)	(0.5)
At 30 June 2026	**6.6**	**9.6**	**0.9**	**17.1**

(a) 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.

(i) Fair value 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. Any revaluations increases / decreases arising on the revaluation of land is recognised in other comprehensive income and accumulated within asset revaluation reserve.

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.

(ii) Asset revaluation reserve

An independent valuation was performed by the Valuer General of New South Wales in March 2026, which supports the fair value of $6.6 million for 30 June 2026 (2025: $6.6 million). As a result, the Group recognised a fair value gain of $0.1 million (2025: gain of $0.2 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 (2025: $4.8 million).

The directors are satisfied that the outcome of these valuations adequately support the land value for the year ended 30 June 2026. Refer to note 25, for more details.

16. Property and equipment (continued)

(b) 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.

(c) 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	2026	2025	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.

(d) Impairment assessment

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 2026, no impairment indicators were noted (2025: none).

(e) Gains or losses on disposal

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.

17. Right-of-use assets

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Right-of-use – property				
At cost	5.3	4.4	4.9	4.0
Less: accumulated depreciation	(4.1)	(3.4)	(3.8)	(3.1)
Total right-of-use assets – property	**1.2**	**1.0**	**1.1**	**0.9**
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	**1.3**	**1.1**	**1.2**	**1.0**

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
	$M	$M	$M	$M	$M	$M
At 1 July 2024						
Opening carrying value	**1.5**	**0.1**	**1.6**	**1.4**	**0.1**	**1.5**
Additions	-	-	-	-	-	-
Remeasurements	0.1	-	0.1	0.1	-	0.1
Terminations	-	-	-	-	-	-
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**
At 1 July 2025						
Opening carrying value	**1.0**	**0.1**	**1.1**	**0.9**	**0.1**	**1.0**
Additions	0.2	-	0.2	0.2	-	0.2
Remeasurements	0.7	-	0.7	0.7	-	0.7
Terminations	-	-	-	-	-	-
Depreciation	(0.7)	-	(0.7)	(0.7)	-	(0.7)
At 30 June 2026	**1.2**	**0.1**	**1.3**	**1.1**	**0.1**	**1.2**

The Group leases 11 premises for its branch network under lease agreements with an average term of five years and lease expiry dates ranging from 2026 to 2030. Upon expiry, the terms of any new lease arrangements will be negotiated. During the year, the Group entered into three new lease agreements, which have been disclosed as additions above. Furthermore, three existing leases were remeasured following the expiry of the initial lease term or the exercise of lease extension options that were assessed as reasonably certain at lease commencement.

17. Right-of-use assets (continued)

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Depreciation rates

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	2026	2025	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

(f) Impairment assessment

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 (2025: Nil).

18. Other assets

	GROUP		BANK	
	2026	2025	2026	2025
At amortised cost	$M	$M	$M	$M
Prepayments	2.8	2.3	2.8	2.3
Lease security deposits	-	-	-	-
Total other assets	**2.8**	**2.3**	**2.8**	**2.3**

(a) Maturity profile

Other assets mature within 12 months.

19. Deposits

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Call deposits	1,460.4	1,357.2	1,460.4	1,357.2
Term deposits	749.0	724.6	749.0	724.6
Accrued interest payable on deposits	9.5	12.6	9.5	12.6
Withdrawable shares	0.2	0.2	0.2	0.2
Total deposits	**2,219.1**	**2,094.6**	**2,219.1**	**2,094.6**

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	2026	2025
Call deposits by geographical concentration	$M	$M
New South Wales	1,217.4	1,140.9
Australian Capital Territory	82.6	78.1
Queensland	62.3	56.7
Tasmania	45.2	39.5
Victoria	33.4	26.7
Others	19.5	15.3
Total call deposits	**1,460.4**	**1,357.2**

GROUP AND BANK	2026	2025
Term deposits by geographical concentration	$M	$M
New South Wales	664.2	644.3
Australian Capital Territory	29.6	26.9
Queensland	23.2	24.1
Tasmania	16.4	15.7
Victoria	9.6	10.1
Others	6.0	3.5
Total term deposits	**749.0**	**724.6**

19. Deposits (continued)

(a) Individual or collective concentration

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 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.

As at 30 June 2026 there are no depositors who individually or collectively have deposits that represent 10% or more of the total deposits (2025: none).

(b) 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.

(c) Maturity profile

There were no defaults on interest and capital payments on these deposits in the current or prior year. Refer to note 27 for the liquidity risk management and maturity profile of the deposits.

(d) Fair value measurement

Refer to note 28 for information on fair value measurement

20. Borrowings

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Notional Certificates of Deposit	170.2	138.2	170.2	138.2
Wholesale Term Deposit Funding	282.0	71.8	282.0	71.8
Floating rate notes	240.0	195.0	240.0	195.0
Accrued interest payable on borrowings	7.0	2.9	7.0	2.9
Total borrowings	**699.2**	**407.9**	**699.2**	**407.9**
Secured borrowings	-	-	-	-
Unsecured borrowings	699.2	407.9	699.2	407.9
Total borrowings	**699.2**	**407.9**	**699.2**	**407.9**

20. Borrowings (continued)

(a) Recognition and derecognition

The Group initially recognises 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.

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

(i) 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.

(ii) Wholesale Term Deposit Funding

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.

The Bank maintains a funding strategy focused on diversifying its funding sources and maintaining relationships with a broad range of middle-market and institutional counterparties. During the year, the number of counterparties providing wholesale term deposit funding increased from 12 to 31, reflecting the Bank's continued focus on broadening and diversifying its funding base. As a result, wholesale term deposit funding increased to $282.0 million (2025: $71.8 million), enhancing funding diversification and reducing concentration risk across individual counterparties.

(iii) Floating rate notes ('FRN')

As at 30 June 2026, the Group had $240.0 million of senior unsecured floating rate notes (FRNs) on issue, providing diversification of funding sources and supporting the Group's liquidity and funding objectives (2025: $195.0 million). During the year, the Group repaid a $55 million FRN that matured on 21 November 2025 and issued a new $100 million FRN on 3 November 2025.

Interest on the FRNs is payable at margins ranging from 105 to 155 basis points above the three-month Bank Bill Swap Rate (BBSW). The Group's FRN issuances comprise:

- $55 million three-year senior unsecured FRN issued on 21 November 2022, repaid at maturity on 21 November 2025.
- $65 million three-year senior unsecured FRN issued on 17 November 2023, maturing on 17 November 2026.
- $75 million three-year senior unsecured FRN issued on 8 November 2024, maturing on 8 November 2027.
- $100 million three-year senior unsecured FRN issued on 3 November 2025, maturing on 3 November 2028.

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.

(b) Maturity profile

Refer to note 27 for the maturity profile of borrowings.

(c) Fair value measurement

Refer to note 28 for information on fair value measurement.

21. Trade and other payables

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Payment system clearing accounts	2.4	6.0	2.2	5.9
Trade and other payables & accrued expenses	4.1	14.7	4.1	14.7
Other taxes payable	0.3	0.1	0.3	0.1
Total trade and other payables	**6.8**	**20.8**	**6.6**	**20.7**

(a) Recognition and measurement

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 amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

Included in prior year trade and other payables was an amount recognised in respect of a contractual dispute with a supplier. In the prior year, the information ordinarily required by Australian Accounting Standards was not disclosed on the grounds that such disclosure could have been expected to prejudice seriously the outcome of the dispute. The dispute was settled and resolved with the vendor on 7 November 2025, with no further obligations remaining as at the reporting date.

(b) 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.

(c) 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	
	2026	2025	2026	2025
	$M	$M	$M	$M
Provision for annual leave	1.8	1.5	1.7	1.5
Provision for long service leave	0.8	0.7	0.8	0.7
Provision for leasehold makegood	0.4	0.4	0.4	0.3
Other employee entitlements	3.9	3.4	3.8	3.3
Sundry provisions	4.7	4.2	4.7	4.2
Total provisions	**11.6**	**10.2**	**11.4**	**10.0**

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
	$M	$M	$M	$M	$M	$M
At 1 July 2025	**1.5**	**0.7**	**0.4**	**3.4**	**4.2**	**10.2**
Net provisions recognised	0.4	0.1	-	0.5	0.5	1.5
Cash payments	(0.1)	-	-	-	-	(0.1)
At 30 June 2026	**1.8**	**0.8**	**0.4**	**3.9**	**4.7**	**11.6**

	BANK					
	Annual Leave	Long Service Leave	Leasehold make good	Other employee entitlements	Sundry provisions	Total
	$M	$M	$M	$M	$M	$M
At 1 July 2025	**1.5**	**0.7**	**0.3**	**3.3**	**4.2**	**10.0**
Net provisions recognised	0.3	0.1	0.1	0.5	0.5	1.5
Cash payments	(0.1)	-	-	-	-	(0.1)
At 30 June 2026	**1.7**	**0.8**	**0.4**	**3.8**	**4.7**	**11.4**

	GROUP		BANK	
Maturity profile	2026	2025	2026	2025
By provisions	$M	$M	$M	$M
Current provisions within 12 months	9.9	9.1	9.8	9.0
Non-current provisions > 12 months	1.7	1.1	1.6	1.0
Total provisions	**11.6**	**10.2**	**11.4**	**10.0**

22. Provisions (continued)

(a) Recognition and measurement

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.

(i) Employee entitlements

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.

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.

(ii) Leasehold makegood

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. 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.

(iii) Other employee entitlements

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

(iv) Sundry provisions

Sundry provisions comprise various other provisions, including those relating to directors' retirement benefits, remediation and compensation claims, and employee pay and entitlements:

- *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.
- *Remediation 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*
  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	
	2026	2025	2026	2025
	$M	$M	$M	$M
Lease liabilities	1.3	1.1	1.2	1.0
Total lease liabilities	**1.3**	**1.1**	**1.2**	**1.0**

	GROUP		BANK	
	2026	2025	2026	2025
Lease liabilities reconciliation	$M	$M	$M	$M
Opening balance on 1 July	**1.1**	**1.5**	**1.0**	**1.4**
Lease payments	(0.7)	(0.7)	(0.7)	(0.6)
Interest expense	-	0.1	-	-
Modifications	0.9	0.2	0.9	0.2
Balance at 30 June	**1.3**	**1.1**	**1.2**	**1.0**

	GROUP		BANK	
	2026	2025	2026	2025
Maturity profile of lease liabilities	$M	$M	$M	$M
Current lease liabilities within 12 months	0.6	0.7	0.5	0.6
Non-current lease liabilities > 12 months	0.7	0.4	0.7	0.4
Total lease liabilities	**1.3**	**1.1**	**1.2**	**1.0**

	GROUP		BANK	
	2026	2025	2026	2025
Maturity profile of discounted contractual cash flows	$M	$M	$M	$M
One year or less	0.6	0.7	0.5	0.6
One year to two years	0.3	0.3	0.3	0.3
Two years to five years	0.4	0.1	0.4	0.1
Total lease liabilities	**1.3**	**1.1**	**1.2**	**1.0**

(a) 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.

23. Lease liabilities (continued)

(b) 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, then adding a credit spread based on the entity's credit rating plus a liquidity premium for unsecured borrowing. 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 entered into three new leases during the financial year.

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

Derivative liabilities	2026	2025
Cash flow hedges-Interest Rate Swaps	$M	$M
Liabilities at fair value	–	(0.2)

Maturity profile of notional principal amounts:	2026	2025
Receive fixed/pay floating contracts		
0 to 12 months	–	100.0
1 to 5 years	–	–

(a) Interest rate swap contracts

The Group utilises derivative instruments in managing its exposure to risk. 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. 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. Derivative financial instruments are not entered into for trading or speculative purposes.

The Group 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 therefore had no outstanding interest rate swaps as at 30 June 2026 (2025: $100 million notional amount). During the 2023 financial year, the Bank entered into two interest rate swap agreements with notional principal amounts of $50 million and $100 million, which matured on 17 February 2025 and 27 January 2026, respectively. The weighted average fixed interest rate of interest rate swaps hedging interest rate risk was not applicable as at 30 June 2026 (2025: 3.38%).

(i) Receive fixed/pay variable

As at 30 June 2026, the Group had no outstanding interest rate swaps (2025: $100 million notional amount). During the period in which the interest rate swaps were outstanding, the arrangements were designated in qualifying cash flow hedge relationships and were treated as swapping a portion of the variable interest received on the Bank's loan portfolio to a fixed rate receipt. Interest rate derivatives were executed and designated into hedge accounting relationships on inception, swapping floating rate interest derived on a portion of the Group's variable lending book. These arrangements were used to reduce volatility in the Bank's realised net interest margin during periods of movement in market interest rates. The benchmark interest rate exposure hedged under these arrangements was the one-month Bank Bill Swap Rate (BBSW), which represented the largest component of changes in the future expected cash flows of the hedged items. As all interest rate swaps had matured by 30 June 2026, no cash flow hedge relationships remained in place at 30 June 2026.

24. Derivatives (continued)

(b) Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are presented as either assets or liabilities depending on fair value. The Group only hedges particular risks associated with the cash flows of recognised assets and liabilities and therefore designates all hedges as cash flow hedges. 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 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.

(ii) 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 2026 (2025 $nil).

25. Reserves

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
General reserve	48.0	48.0	48.0	48.0
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	10.1	5.5	10.1	5.5
Business combination reserve	5.9	5.9	7.0	7.0
Cashflow hedge reserve	-	(0.1)	-	(0.1)
Total reserves	**65.6**	**60.9**	**66.7**	**62.0**

25.1 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.

25. Reserves (continued)

25.2 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	2026	2025
	$M	$M
Balance at beginning of year	**48.0**	**47.9**
Transfer to general reserve	-	0.1
Balance at end of year	**48.0**	**48.0**

25.3 Asset revaluation reserve

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

GROUP AND BANK	2026	2025
	$M	$M
Balance at beginning of year	**1.1**	**1.1**
Revaluation of land	0.1	0.2
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 (2025: $Nil).

25.4 Equity investment revaluation reserve

The fair value reserve is used to record the cumulative net change in the fair value, net of applicable income tax of the Cuscal equity accounted investment held at FVTOCI. Refer to note 13 for detail on the equity investment.

GROUP AND BANK	2026	2025
	$M	$M
Balance at beginning of year	**5.5**	**3.7**
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	6.6	8.8
Tax effect of revaluations	(2.0)	(2.6)
Balance at end of year	**10.1**	**5.5**

The total gain on the equity investment revaluation reserve is $4.6 million after tax (2025: $1.8 million).

25. Reserves (continued)

25.5 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	
	2026	2025	2026	2025
	$M	$M	$M	$M
Balance at beginning of year	**5.9**	**5.9**	**7.0**	**7.0**
Acquisition of new businesses	-	-	-	-
Balance at end of year	**5.9**	**5.9**	**7.0**	**7.0**

25.6 Cash flow hedge reserve

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.

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.

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	2026	2025
	$M	$M
Balance at beginning of year	**(0.1)**	**(1.1)**
Changes in the fair value of cash flow hedges	0.2	1.4
Tax effect of revaluations	(0.1)	(0.4)
Balance at end of year	**-**	**(0.1)**

The total gain on the cash flow hedge reserve is $0.1 million after tax (2025: $1.0 million).

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 (2025: $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 – refer to 27.1
- Interest rate risk – refer to 27.2
- Liquidity risk – refer to 27.3
- Capital risk – refer to 27.4

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.

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.

27. Financial Risk management (continued)

- **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.

27.1 Credit risk

(a) Risk definition and governance

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.

Credit risk is managed through a framework of credit policies, risk limits, and approval processes. The Board oversees credit risk through the Board Risk Committee, while the Management Enterprise Risk Committee monitors exposures through regular reporting and credit portfolio reviews.

(b) Measurement approach

The group measures credit rate risk through a combination of:
- Internal credit assessment processes;
- Monitoring of credit quality indicators;
- Portfolio concentration analysis; and
- Expected credit loss (ECL) modelling in accordance with AASB 9 Financial Instruments.

Financial assets are classified into three stages based on credit risk deterioration:
- **Stage 1:** Performing assets with no significant increase in credit risk
- **Stage 2:** Assets with a significant increase in credit risk
- **Stage 3:** Credit impaired assets

Expected credit losses are recognised using probability of default, loss given default and exposure at default estimates.

(c) Quantitative analysis

The table hereafter presented in *(e) Regulatory and mitigation summary* summarises the Group's maximum credit exposure, before taking account of any collateral held or other credit enhancements.

(d) Sensitivity and scenario analysis

Refer to note 14 for details of the sensitivity analysis relating to the Group's expected credit losses.

(e) Regulatory and mitigation summary

Credit risk is managed and mitigated 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 held includes residential property, guarantees and other security arrangements. Credit exposures are regularly reviewed to ensure compliance with internal risk limits and regulatory expectations.

27. Financial Risk management (continued)

27.1 Credit risk (continued)

(e) Regulatory and mitigation summary (continued)

At the reporting date, the Group's credit risk exposures remained within approved limits.

The Group's exposure to credit risk arising from on-balance sheet and off-balance sheet positions is presented below:

		GROUP AND BANK	
		2026	2025
	Note	$M	$M
Credit risk exposures on-balance sheet			
Cash and cash equivalents	**10**	46.6	30.2
Trade and other receivables	**11**	21.6	3.0
Investment securities	**12**	434.1	447.9
Loans and advances*	**14**	2,628.6	2,238.2
Total		**3,130.9**	**2,719.3**
Credit risk exposures off-balance sheet			
Undrawn loan commitments – not recognised	**32**	135.7	127.1
Total		**135.7**	**127.1**

** Loans and advances presented above are disclosed on a gross basis, excluding expected credit loss (ECL) provisions and deferred fees. Refer to note 14 for additional information.*

Maximum exposure to credit risk

The table below presents the maximum exposure to credit risk arising from on-balance sheet and off-balance sheet financial instruments. The exposure is disclosed gross before taking into account any master netting, collateral agreements or other credit enhancements. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For member undrawn loan commitments, the maximum exposure to credit risk is the full amount of the committed facilities as at reporting date.

	GROUP							
	2026				2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$M	$M	$M	$M	$M	$M	$M	$M
On-balance sheet								
Cash and cash equivalents	46.6	-	-	46.6	30.2	-	-	30.2
Trade and other receivables	21.6	-	-	21.6	3.0	-	-	3.0
Investment securities	434.1	-	-	434.1	447.9	-	-	447.9
Loans and advances*	2,615.7	4.4	8.5	2,628.6	2,222.8	7.1	8.2	2,238.1
Off-balance sheet								
Undrawn loan commitments	135.7	-	-	135.7	127.1	-	-	127.1
Total potential credit risk exposure	**3,253.7**	**4.4**	**8.5**	**3,266.6**	**2,831.0**	**7.1**	**8.2**	**2,846.3**

**Loans and advances presented above are disclosed on a gross basis, excluding expected credit loss (ECL) provisions and deferred fees. Refer to note 14 for additional information.*

27. Financial Risk management (continued)

27.1 Credit risk (continued)

(e) Regulatory and mitigation summary (continued)

Credit risk on loans and advances arises from the potential that a member will fail to meet their obligations in accordance with the agreed terms. The key aspects of credit risk on loans and advances include:

- Loans and advances – concentration risk
  Concentration risk is managed by member or counterparty, by geographical region, by industry sector, by exposure type or by risk features. The Group implements certain exposure and concentration limits in order to mitigate concentration risk. The geographic concentration, which is based on the location of the member security is presented in note 14.
- Loans and advances – credit quality
  Refer to note 14 for details of changes in the gross carrying value of loans originated by the Group on behalf of members, including the impact of movements between Stage 1, Stage 2 and Stage 3 classifications under the Expected Credit Loss (ECL) framework.
- Loans and advances – arrears
  Details of the ageing analysis of loans that are past due but not considered credit-impaired are disclosed in note 14.
- Loans and advances – loan to value ratios (LVRs)
  As the majority of the Group's lending exposures are secured by mortgages over the relevant properties, loan-to-value ratios (LVRs) are a key measure used in the assessment and management of credit risk. Note 14 sets out the LVR distribution for each relevant portfolio at the reporting date.

(f) Loans and advances – maximum exposure to credit risk

Carrying value is the value on the Statement of Financial Position. Maximum exposure is the value on the Consolidated Statement of Financial Position plus "off balance sheet" 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 2026			GROUP & BANK 2025		
	Carrying Value	Undrawn Facilities	Maximum exposure	Carrying Value	Undrawn Facilities	Maximum exposure
	$M	$M	$M	$M	$M	$M
Home loans	2,542.7	91.0	2,633.7	2,156.0	81.3	2,237.3
Personal loans	68.8	0.2	69.0	64.0	0.5	64.5
Credit cards	12.9	26.1	39.0	13.3	26.3	39.6
Overdrafts	4.0	18.4	22.4	4.6	19.0	23.6
Total to households	**2,628.4**	**135.7**	**2,764.1**	**2,237.9**	**127.1**	**2,365.0**
Commercial loans	0.2	-	0.2	0.3	-	0.3
Total gross loans and advances	**2,628.6**	**135.7**	**2,764.3**	**2,238.2**	**127.1**	**2,365.3**

A significant proportion of the loan portfolio is secured by residential property located in Australia. Accordingly, the Group is exposed to the risk that a decline in residential property values may reduce the recoverable amount of these loans. The performance of the mortgage-secured portfolio is monitored and managed through regular assessment of loan balances in arrears. Refer to note 14 for more details.

27. Financial Risk management (continued)

27.1 Credit risk (continued)

(g) Investments – 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							
	2026				2025			
Investment securities held with:	Number of institutions invested with $M	Carrying Value $M	Provision for expected credit loss $M	Carrying Value Net of provision $M	Number of institutions invested with $M	Carrying Value $M	Provision for expected credit loss $M	Carrying Value Net of provision $M
Government or Semi-Government	8	148.2	-	148.2	5	110.0	-	110.0
ADIs rated A-1 to A-1	1	21.0	-	21.0	1	21.0	-	21.0
ADIs rated A-2	6	54.6	(0.1)	54.5	6	34.8	(0.1)	34.7
ADIs rated A-3	0	-	-	-	0	-	-	-
ADIs rated AAA to AA-	0	-	-	-	0	-	-	-
ADIs rated A+ to A	8	188.1	(0.1)	188.0	9	230.5	(0.1)	230.4
ADIs rated BBB+ to BBB2-	3	22.4	-	22.4	6	51.8	-	51.8
Total	**26**	**434.3**	**(0.2)**	**434.1**	**27**	**448.1**	**(0.2)**	**447.9**

	GROUP	
	2026	2025
Residual maturity analysis	$M	$M
Up to 1 month	31.0	30.9
1 to 3 months	79.7	40.4
3 to 3 months	96.5	106.0
12 months to 5 years	227.1	260.8
Over 5 years	-	10.0
Less: Expected credit loss provision	(0.2)	(0.2)
	434.1	**447.9**

	GROUP							
	2026				2025			
Deposits at call and cash at bank held with:	Number of institutions invested with $M	Carrying Value $M	Provision for expected credit loss $M	Carrying Value Net of provision $M	Number of institutions invested with $M	Carrying Value $M	Provision for expected credit loss $M	Carrying Value Net of provision $M
ADIs rated A-1 to A-1	2	46.6	-	46.6	2	30.2	-	30.2
Total	**2**	**46.6**	**-**	**46.6**	**2**	**30.2**	**-**	**30.2**

27. Financial Risk management (continued)

27.1 Credit risk (continued)

(g) Investments – counterparty credit risk (continued)

	GROUP	
	2026	2025
Residual maturity analysis	$M	$M
At call	46.6	30.2
Up to 1 month	-	-
1 to 3 months	-	-
Less: Expected credit loss provision	-	-
	46.6	**30.2**

27.2 Interest rate risk

(a) Risk definition and governance

Interest rate risk is the risk that changes in market interest rates will adversely affect the Group's earnings or the economic value of its assets and liabilities. The Group is exposed to interest rate risk primarily through its lending, deposit-taking and treasury activities. Interest rate risk arises from differences in timing of repricing of interest-bearing assets and liabilities. 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).

Interest rate risk is managed by Treasury, the Executive team and Senior Leadership, with oversight provided by the Asset, Liability, Product and Pricing Committee (ALPPCo). ALPPCo monitors the Group's exposure to interest rate movements and ensures compliance with approved risk appetite settings and internal risk limits.

(b) Measurement approach

The group measures interest rate risk through a combination of:

- Repricing gap analysis;
- Sensitivity analysis of net interest income;
- Economic value sensitivity analysis; and
- Stress testing of interest rate movements.

Exposure limits are set for changes in earnings and economic value resulting from interest rate movements. The Group manages interest rate risk through balance sheet management, product pricing strategies and the use of interest rate derivatives where appropriate. The Group utilises Change in the Economic Value of Equity (ΔEVE) and Change in Net Interest Income (ΔNII) as its primary IRRBB metrics. The change in Economic Value of Equity (ΔEVE) 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 (ΔNII) measures the changes in Net Interest Income (earnings) and focuses on the impact of changes in interest rates on earnings in the near term.

(c) Quantitative analysis

The table hereafter presented in *(e) Regulatory and mitigation summary* summarises the Group's exposure to interest rate risk by reporting the contractual repricing profile of interest-bearing financial assets and liabilities. The resulting repricing gap analysis provides an indication of the potential impact of changes in interest rates over various time horizons.

27. Financial Risk management (continued)

27.2 Interest rate risk (continued)

(d) Sensitivity and scenario analysis

The Group's exposure to interest rate 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 (ΔEVE)) and the change in Net Interest Income (ΔNII), 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 (ΔNII).

Based on the calculations as at 30 June 2026:

- A change to the Economic Value of Equity from a +100bp shock (ΔEVE) is -2.97% of capital (2025: -1.90%). The ΔNII impact of a shock is a $4.9 million change in net interest income (2025: $5.2 million).
- A change to the Economic Value of Equity from a -100bp shock (ΔEVE) is 3.12% of capital (2025: 2.02%). The ΔNII impact of a shock is -$3.7 million change in net interest income (2025: -$4.1 million).

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

The sensitivity is determined by assessing the impact on profit arising from the timing of interest rate repricing within the Bank's banking book over the next twelve months. In performing this calculation, the following assumptions have been applied:

- 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.

(e) Regulatory and mitigation summary

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. At reporting date, the Group's exposures to interest rate remained within internally approved limits.

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 (IRRBB) 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:

27. Financial Risk management (continued)

27.2 Interest rate risk (continued)

(e) Regulatory and mitigation summary (continued)

	GROUP AND BANK 2026							
	Floating Rate	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Non-interest Bearing	Non-interest Bearing
	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets								
Cash and cash equivalents	81.8	-	-	-	-	-	0.8	82.6
Trade and other receivables	-	-	-	-	-	-	21.6	21.6
Investment securities	-	54.2	198.5	52.9	128.5	-	-	434.1
Equity investments	-	-	-	-	-	-	16.4	16.4
Loans and advances	1,803.6	32.9	50.0	111.0	616.9	0.2	-	2,614.6
Total financial assets	**1,885.4**	**87.1**	**248.5**	**163.9**	**745.4**	**0.2**	**38.8**	**3,169.3**
Financial Liabilities								
Call Deposits	1,460.4	-	-	-	-	-	-	1,460.4
Term Deposits	-	367.3	84.5	274.2	22.8	0.2	-	749.0
Notional certificates of deposit	-	52.8	87.2	30.2	-	-	-	170.2
Floating rate notes	-	-	240.0	-	-	-	-	240.0
Wholesale Term Deposit Funding	-	34.8	53.5	173.2	20.5	-	-	282.0
Trade and other payables	-	-	-	-	-	-	6.8	6.8
Derivative liability	-	-	-	-	-	-	-	-
Total financial liabilities – on balance sheet	**1,460.4**	**454.9**	**465.2**	**477.6**	**43.3**	**0.2**	**6.8**	**2,908.4**
Undrawn loan commitments	-	-	-	-	-	-	135.7	135.7
Total financial liabilities	**1,460.4**	**454.9**	**465.2**	**477.6**	**43.3**	**0.2**	**142.5**	**3,044.1**
Notional value of interest rate swaps held in a hedge relationship – (assets) / liabilities	-	-	-	-	-	-	-	-
Interest rate gap	**425.0**	**(367.8)**	**(216.7)**	**(313.7)**	**702.1**	**-**	**(103.7)**	**125.2**

27. Financial Risk management (continued)

27.2 Interest rate risk (continued)

(e) Regulatory and mitigation summary (continued)

	GROUP AND BANK 2025							
	Floating Rate	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Non-interest Bearing	Non-interest Bearing
	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets								
Cash and cash equivalents	64.5	-	-	-	-	-	0.9	65.4
Trade and other receivables	-	-	-	-	-	-	3.0	3.0
Investment securities	-	65.7	232.0	46.4	103.8	-	-	447.9
Equity investments	-	-	-	-	-	-	9.8	9.8
Loans and advances	1,588.3	8.9	29.4	315.2	283.8	1.9	-	2,227.5
Total financial assets	**1,652.8**	**74.6**	**261.4**	**361.6**	**387.6**	**1.9**	**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	-	-	-	-	-	-	127.1	127.1
Total financial liabilities	**1,357.2**	**436.6**	**362.1**	**301.7**	**29.4**	**-**	**147.9**	**2,634.9**
Notional value of interest rate swaps held in a hedge relationship – (assets) / liabilities	100.0	-	-	-	-	-	-	100.0
Interest rate gap	**195.6**	**(362.0)**	**(100.7)**	**59.9**	**358.2**	**1.9**	**(134.2)**	**18.7**

27. Financial Risk management (continued)

27.3 Liquidity risk

(a) Risk definition and governance

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.

Liquidity risk management is overseen by the Board and the Asset, Liability, Product and Pricing Committee (ALPPCo). Management monitors liquidity levels on a daily basis and ensures compliance with internal liquidity limits and prudential standards issued by the Australian Prudential Regulations Authority (APRA).

(b) Measurement approach

The Group manages liquidity risk through a range of monitoring and measurement techniques, 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.

(c) Quantitative analysis

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% (2025: 9%) of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours.

The Group's risk appetite is to maintain at least 10% (2025: 10%) of funds as liquid assets to maintain adequate funds to meet member withdrawal requests. The ratio is calculated daily. Should the liquidity ratio fall below this level, Management and the Board have policies and procedures in place to address the matter and ensure that liquid funds are obtained from new deposits, either from Authorised Deposit-taking Institutions (ADIs), retail and wholesale depositors, or available borrowing facilities. The Group's complied with all APRA liquidity requirements throughout the year.

The liquidity ratio as at the reporting date is:

	2026	2025
	%	%
Minimum Liquidity Holdings ratio	15.78	18.10

(d) Sensitivity and scenario analysis

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 liquidity risk. The Group conducts regular liquidity stress testing to assess the impact of adverse scenarios on its liquidity position.

Stress scenarios considered include:

- Significant deposits outflows;
- Increased loan drawdowns; and
- Macroeconomic stress events.

Under a severe but plausible stress scenario involving elevated deposit withdrawals the Group's liquidity position remains supported by its portfolio of high-quality liquid assets and available funding facilities.

27. Financial Risk management (continued)

27.3 Liquidity risk (continued)

(e) Regulatory and mitigation summary

The Group maintains liquidity ratios in excess of regulatory requirements set by APRA. The group maintains a diversified funding base supported by committed liquidity facilities. Internal liquidity limits and contingency funding plans are in place to manage potential liquidity stress events. At reporting date, the Group complied with all externally imposed liquidity requirements.

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 presents the contractual maturity analysis of the Group's monetary assets and liabilities, including the periods in which they are expected to mature or be available for repricing, renegotiation or withdrawal. For loans and advances, maturities are based on the remaining contractual repayment dates of principal outstanding, assuming contractual repayment obligations continue to be met. The actual timing of cash flows may vary where contractual terms are amended. The amounts disclosed are contractual undiscounted cash flows, allocated to the appropriate time bands based on the earliest date on which payment may be required. Cash flows relating to interest rate swaps have been estimated using forward market interest rates at the reporting date.

	GROUP AND BANK 2026						
	No maturity	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Total
	$M	$M	$M	$M	$M	$M	$M
Financial assets							
Cash and cash equivalents	-	82.6	-	-	-	-	82.6
Trade and other receivables	-	21.6	-	-	-	-	21.6
Investment securities	-	31.5	81.0	96.3	225.3	-	434.1
Equity investments	16.4	-	-	-	-	-	16.4
Loans and advances	-	60.9	31.7	117.7	483.3	1,921.0	2,614.6
Total financial assets	**16.4**	**196.6**	**112.7**	**214.0**	**708.6**	**1,921.0**	**3,169.3**
Financial Liabilities							
Call Deposits	-	1,460.4	-	-	-	-	1,460.4
Term Deposits	-	367.3	84.5	274.2	22.8	0.2	749.0
Notional certificates of deposit	-	52.8	87.2	30.2	-	-	170.2
Floating rate notes	-	-	-	65.0	175.0	-	240.0
Wholesale Term Deposit Funding	-	34.8	53.5	173.2	20.5	-	282.0
Trade and other payables	-	6.8	-	-	-	-	6.8
Derivative liability	-	-	-	-	-	-	-
Total financial liabilities – on balance sheet	**-**	**1,922.1**	**225.2**	**542.6**	**218.3**	**0.2**	**2,908.4**
Undrawn loan commitments	-	-	-	135.7	-	-	135.7
Total financial liabilities	**-**	**1,922.1**	**225.2**	**678.3**	**218.3**	**0.2**	**3,044.1**
Liquidity surplus / (shortfall)	**16.4**	**(1,725.5)**	**(112.5)**	**(464.3)**	**490.3**	**1,920.8**	**125.2**

27. Financial Risk management (continued)

27.3 Liquidity risk (continued)

(e) Regulatory and mitigation summary (continued)

	GROUP AND BANK 2025						
	No maturity	<1 month	>1-3 months	>3-12 months	>1-5 years	>5 years	Total
	$M	$M	$M	$M	$M	$M	$M
Financial assets							
Cash and cash equivalents	-	65.4	-	-	-	-	65.4
Trade and other receivables	-	3.0	-	-	-	-	3.0
Investment securities	-	31.4	41.7	106.0	258.8	10.0	447.9
Equity investments	9.8	-	-	-	-	-	9.8
Loans and advances	-	65.6	29.5	114.3	421.7	1,596.4	2,227.5
Total financial assets	**9.8**	**165.4**	**71.2**	**220.3**	**680.5**	**1,606.4**	**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	-	-	-	127.1	-	-	127.1
Total financial liabilities	**-**	**1,836.1**	**160.9**	**468.5**	**169.4**	**-**	**2,634.9**
Liquidity surplus / (shortfall)	**9.8**	**(1,670.7)**	**(89.7)**	**(248.2)**	**511.1**	**1,606.4**	**118.7**

27. Financial Risk management (continued)

27.4 Capital risk

(a) Risk definition and governance

Capital risk is the risk that the Group does not maintain sufficient capital to support its operations, absorb unexpected losses and meet regulatory capital requirements.

The Group manages capital to ensure compliance with prudential standards issued by the Australian Prudential Regulation Authority (APRA), maintain depositor confidence, and support sustainable growth. Management regularly reports on capital adequacy, capital forecasts, and compliance with regulatory requirements to support effective oversight and decision-making. 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.

(b) Measurement approach

As an Authorised Deposit-taking Institution, and as defined in APS 110: Capital Adequacy (and other capital related prudential standards), the Bank must maintain a level and quality of capital commensurate with the type, amount and concentration of risks to which it is exposed through its activities. The Group monitors capital adequacy using regulatory capital ratios calculated in accordance with APRA prudential standards aligned with the Basel III Framework.

Key measures used to assess capital strength include:

- Common Equity Tier 1 (CET1) ratio;
- Tier 2 capital ratio; and
- Total capital ratio.

These ratios are calculated as a percentage of risk-weighted assets (RWA). Capital adequacy is monitored continuously and projected under both normal operating conditions and stressed scenarios.

(c) Quantitative analysis

The Group's operational risk capital requirement is 10% (2025: 10%) of risk weighted assets calculated in accordance with APS 110 Capital Adequacy.

(i) Tier 1 Capital

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

(ii) 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.

	2026	2025
	$M	$M
Tier 1		
Tier 1 common equity	255.6	242.2
Less: prescribed deductions	(18.6)	(15.7)
Net Tier 1 capital	**237.0**	**226.5**
Tier 2 capital	**11.1**	**8.3**
Total capital	**248.1**	**234.8**

27. Financial Risk management (continued)

27.4 Capital risk (continued)

(c) Quantitative analysis (continued)

The Group is required to maintain a Prudential Capital Requirement (PCR) of 10.5% of risk weighted assets. In addition, the Group maintains regulatory capital buffers, including the Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB), resulting in a regulatory capital requirement of 14.0%. 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 Group monitors capital levels monthly and maintains a capital management framework designed to ensure sufficient capital is held above regulatory minimum requirements and buffers.

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:

2026	2025	2024	2023	2022
20.97%	22.62%	23.33%	21.64%	18.58%

(d) Sensitivity and scenario analysis

The Group performs regular capital stress testing as part of its internal capital adequacy assessment process to assess the potential impact of adverse economic conditions on capital adequacy.

Stress scenarios include a macroeconomic downturns scenario, being:

- Increase in loan impairment losses across the loan portfolio due to credit quality reduction (calculated through the expected credit loss model);
- Increase in risk-weighted assets due to deterioration in credit risk; and
- Reduction in profitability resulting as a result of lower lending volumes and higher funding costs.

Under stressed scenarios, the Group's capital ratios remain above the minimum regulatory capital requirements, demonstrating the resilience of the Group's capital position.

(e) Regulatory and mitigation summary

The Group maintains internal capital targets above APRA minimum requirements to provide an appropriate buffer against unexpected losses.

At reporting date, the Group complied with all externally imposed capital requirements and continues to monitor its capital position to ensure ongoing compliance with regulatory obligations.

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.

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.

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 2026, there were no transfers between levels of the fair value hierarchy. Effective from 25 November 2024, the Group transferred its investment in Cuscal Limited from Level 3 to Level 1 of the fair value hierarchy following the listing of Cuscal Limited on the ASX. Subsequent to this date, fair value has been determined using Cuscal's quoted closing share price on the last trading day of each month. Prior to the transfer, fair value was determined using Level 3 valuation techniques based on available audited financial information. Refer to Note 13 for further 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.

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

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.

		GROUP AND BANK 2026				
		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	16.4	16.4	-	-	16.4
Total financial assets at fair value		**16.4**	**16.4**	**-**	**-**	**16.4**
Derivatives – interest rate swaps		-	-	-	-	-
Total financial liabilities at fair value	23	**-**	**-**	**-**	**-**	**-**

		GROUP AND 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		0.2	-	0.2	-	0.2
Total financial liabilities at fair value	23	**0.2**	**-**	**0.2**	**-**	**0.2**

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 AND BANK 2026				
		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	434.1	-	354.1	-	354.1
Loans and advances (gross)	14	2,628.6	-	-	2,634.2	2,634.2
Total financial assets at amortised cost		**3,062.7**	**-**	**354.1**	**2,634.2**	**2,988.3**
Deposits	19	2,219.1	-	2,219.1	-	2,219.1
Borrowings	20	699.2	-	699.2	-	699.2
Total financial liabilities at amortised cost		**2,918.3**	**-**	**2,918.3**	**-**	**2,918.3**

		GROUP AND 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	447.9	-	449.7	-	449.7
Loans and advances (gross)	14	2,238.2	-	-	2,252.1	2,252.1
Total financial assets at amortised cost		**2,686.1**	**-**	**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**

29. Standby credit facilities

The Group has the following standby credit facilities

	GROUP		BANK	
	2026	2025	2026	2025
	$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 (2025: $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
Sarv Girn	Non-executive Director
Joanna Bushby	Non-executive Director – Ceased 28 November 2025
Julie Elliott	Non-executive Director – Appointed 1 June 2026
Scott Whyte	Non-executive Director – Appointed 26 February 2026

EXECUTIVE OFFICERS	POSITION
Greg McKenna	Chief Executive Officer
Dr. Leanne Ward	Chief Financial Officer
Danni Martin	Chief People Officer
Nicholas Tseros	Chief Member Officer
Amanda Rohl	Chief Marketing and Product Officer
Antar Chahine	Chief Risk Officer – Appointed 12 January 2026
Richard Coldwell	Chief Information Officer – Appointed 18 May 2026
Rayna Heckenberg	Chief Risk Officer – Ceased 7 November 2025
Max Alves	Interim Chief Risk Officer – From 7 November 2025 until 11 January 2026
Lyndall Rose	Chief Information Officer – Ceased 2 January 2026
Jennifer Kazangi	Interim Chief Information Officer – From 3 January 2026 until 17 May 2026

Unless otherwise indicated, the persons named held their current positions throughout the financial year and continue to hold those positions as at the date of this report.

30. Key management personnel (continued)

(a) Remuneration of key management personnel

Key management personnel compensation was as follows:

	GROUP & BANK 2026			GROUP & BANK 2025		
	Directors	Other KMP	Total	Directors	Other KMP	Total
	$M	$M	$M	$M	$M	$M
Short-term employee benefits	0.7	3.1	3.8	0.7	3.0	3.7
Post-employment benefits	0.1	0.2	0.3	0.1	0.2	0.3
Other long-term benefits	-	0.5	0.5	-	0.1	0.1
Termination benefits	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-
Total remuneration of Directors and Key Management Personnel	**0.8**	**3.8**	**4.6**	**0.8**	**3.3**	**4.1**

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 27 November 2025.

(b) Share options granted to key management personnel

No employee share options have been granted during the year (2025: nil)

(c) Transactions with key management personnel

Loans to key management personnel of the Group, including their personally related parties, are secured unless the loan product does not require security (e.g. credit cards). Loans are on normal terms and conditions applicable to members generally. The expected credit loss provision has been assessed on these loans and no specific provision is necessary to be recognised in respect of these loans, and there are no arrears existing on these loans. Deposits from key management personnel including their personally related parties are on the same terms and conditions as applicable to members generally. There have been no sales of the Group's property and other assets to key management personnel.

(d) 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 2026			GROUP & BANK 2025		
	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	-	0.1	0.9	-	-
Loans and advances balance at the end of the financial year	6.3	-	-	6.4	-	-
Loans advanced during the year	2.6	0.1	-	3.3	-	-
Interest received on loans and advances	0.3	-	-	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)

(e) 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	
	2026	2025
	$M	$M
Term and savings deposit balances held at end of financial year	2.4	2.3
Interest paid on deposits to key management personnel	0.1	-

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

During the financial year, the following fees (excluding GST) were paid or payable for services provided by the auditor of the Group and the Bank:

	GROUP		BANK	
	2026	2025	2026	2025
	$'000	$'000	$'000	$'000
Audit services				
Audit of financial statements – Group and controlled entities	258.0	265.1	258.0	265.1
Total remuneration for audit services				
Assurance services				
Other statutory assurance services	102.0	92.2	102.0	92.2
Total remuneration for assurance services				
Other non-audit services				
Taxation services	63.2	127.0	63.2	127.0
Total remuneration of audit, assurance and other services	**423.1**	**484.3**	**423.1**	**484.3**

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

(a) 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	
	2026	2025
	$M	$M
Loans approved but not funded	84.4	74.3
Undrawn credit commitments	44.4	45.2
Loans available for redraw	6.9	7.6
Total commitments	**135.7**	**127.1**

(b) Material Service Contract Commitments

Commitments arise from material service contracts, which have been contracted for at balance date but not recognised in the Consolidated 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	
	2026	2025	2026	2025
	$M	$M	$M	$M
Within 1 year	3.8	3.5	3.8	3.5
1 to 2 years	2.6	1.3	2.6	1.3
2 to 5 years	0.3	-	0.3	-
Greater than 5 years	0.3	-	0.3	-
Total commitments	**7.0**	**4.8**	**7.0**	**4.8**

(c) Lease commitments

Refer to note 23 for details of the Group's contractual lease commitments relating to its branch premises.

33. Cash flow information

Cash flows from operating activities

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

	GROUP		BANK	
	2026	2025	2026	2025
	$M	$M	$M	$M
Net profit for the year	**8.7**	**4.5**	**8.3**	**4.2**
CGT on FVOCI through retained earnings	-	(0.7)	-	(0.7)
Adjustments for:				
Bad debts written off	0.2	0.3	0.2	0.3
Dividend income	(0.3)	(0.6)	(0.3)	(0.6)
Depreciation and amortisation	1.2	1.1	1.2	1.1
Premium / discount amortisation	(0.3)	(0.6)	(0.3)	(0.6)
Changes in operating assets and liabilities				
Increase in trade and other receivables	(18.6)	(1.4)	(18.7)	(1.4)
Increase in other assets	(0.5)	(0.3)	(0.5)	(0.4)
(Decrease) / increase in current tax payable	(2.7)	2.7	(2.7)	2.7
(Increase) / decrease in current tax receivable	(1.3)	0.4	(1.3)	0.5
Decrease / (increase) in net deferred tax assets	1.8	(1.9)	1.8	(1.9)
(Decrease) / increase in trade and other payables	(14.0)	6.4	(14.1)	6.5
Increase in provisions	1.4	3.7	1.4	3.7
Increase / (decrease) in expected credit loss provision	3.2	(0.3)	3.2	(0.3)
Increase in gross loans and advances	(390.6)	(193.9)	(390.6)	(193.9)
Increase / (decrease) in unamortised loan origination fees	0.1	(0.1)	0.1	(0.1)
Increase in deposits	124.5	136.0	124.5	136.0
Increase / (decrease) in accrued interest on borrowings	4.1	(0.7)	4.1	(0.7)
(Increase) / decrease in accrued interest on investment securities	(0.2)	0.2	(0.2)	0.2
Net cash outflows from operating activities	**(283.3)**	**(45.2)**	**(283.9)**	**(45.4)**

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

(a) Contingencies

As at 30 June 2026, the Group has no material contingent liabilities or assets which need to be disclosed (2025: Nil).

(b) Legal disputes and claims

As disclosed in Note 21, prior year trade and other payables included an amount recognised in respect of a contractual dispute with a supplier. In the prior year, information ordinarily required to be disclosed under Australian Accounting Standards was not provided on the grounds that such disclosure could reasonably have been expected to prejudice seriously the outcome of the dispute. The dispute was settled and resolved with the supplier on 7 November 2025, with no further obligations remaining as at 30 June 2026. There were no outstanding legal disputes or claims as at 30 June 2026.

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

The following events occurred after 30 June 2026:

- $2.4 million of the $4.2 million employee pay and entitlements provision recognised at 30 June 2026 was settled. Refer to note 22, Provisions, for further details. The remaining provision primarily relates to amounts payable to former employees and remains outstanding pending completion of employee contact and verification procedures. The settlement of these obligations after the reporting date provides additional evidence regarding the completeness and measurement of the provision recognised at 30 June 2026.
- Police Bank Limited and Transport Mutual Credit Union (TMCU) entered a Memorandum of Understanding (MoU) to explore a potential merger between the two organisations. The proposed merger remains subject to approval by the Australian Prudential Regulation Authority (APRA) and TMCU members, with member approval expected to be sought in early 2027. Subject to obtaining the necessary approvals, completion of the merger is expected to occur during late FY27 or early FY28. The proposed merger would bring together two industry-based mutual organisations and is intended to enhance member benefits while continuing to support members working in essential service industries.

Other than the matters described above, there have been no events occurring after the reporting date that have significantly affected, or may significantly affect, the Group's operations, results of operations, or financial position in future reporting periods.

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 2026 was authorised for issue in accordance with a resolution of the Directors on 30 September 2026.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

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

				TAX RESIDENCY	
Entity Registered Name	Entity Type	Place formed or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
Police Bank Limited	Body Corporate	Australia	100%	Australia	N/A
PB Trust 2022-1R	Trust	Australia	N/A	Australia	N/A
Chelsea Wealth Management Pty Limited	Body Corporate	Australia	100%	Australia	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 2026

The directors of Police Bank Limited declare that in their opinion:

(a) 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) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

(c) 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) 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, 30 September 2026



Robert Redfern
Director, Deputy Chair
Sydney, 30 September 2026

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Tel: +61 2 9322 7000
Fax: +61 2 9322 7001
www.deloitte.com.au

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

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 2026; 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; the 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 2026 and of their financial performance for the year then ended; and
- Complying with Australian Accounting 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (the Code) that are relevant to audits 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 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 2026 but does not include the 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 regards.

Deloitte.

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.

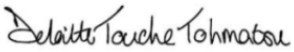
Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or 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.

Deloitte.

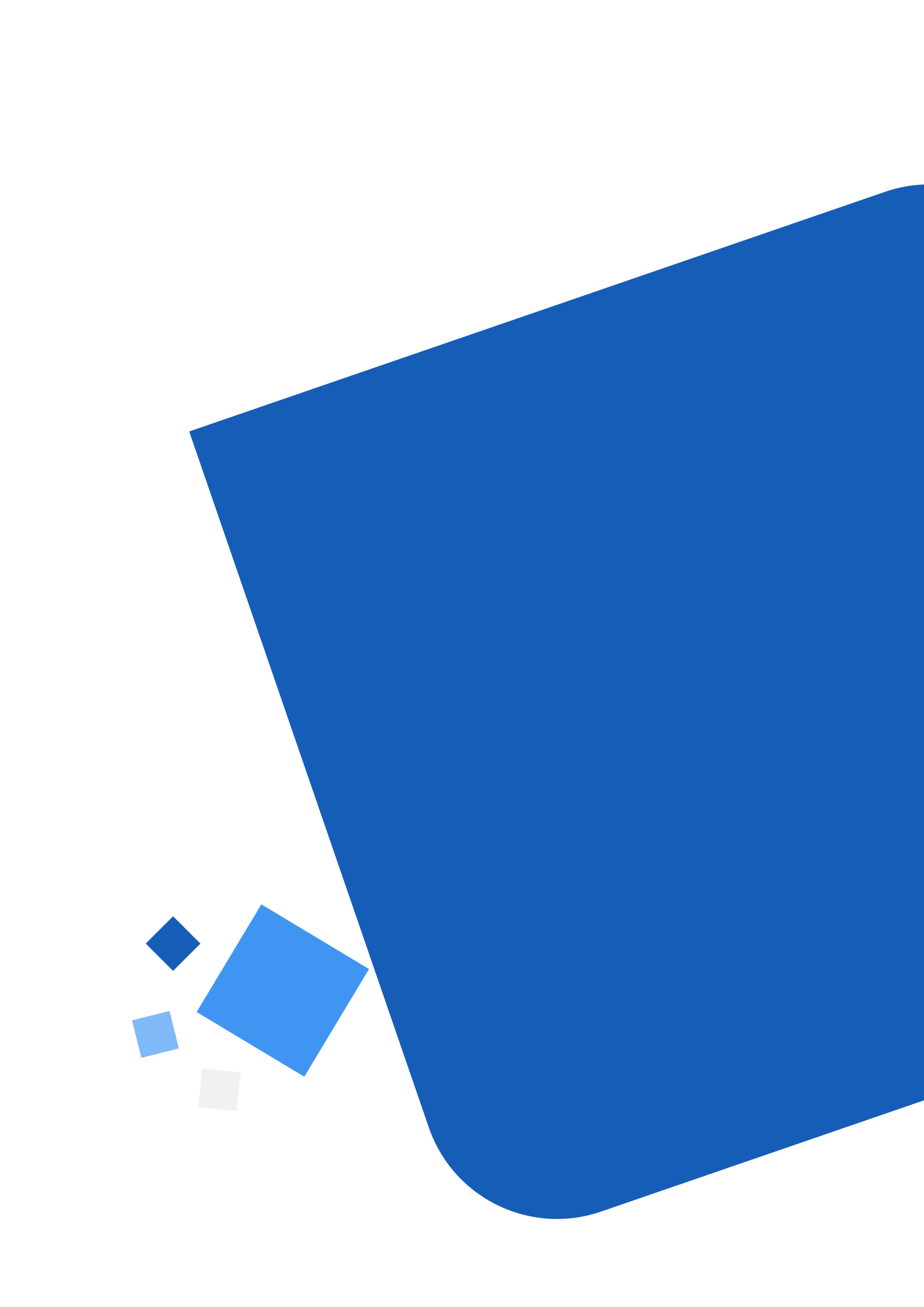
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Tom Bottomley-Mason
Partner
Chartered Accountants
Sydney, 30 September 2026



Police Bank
25 Pelican Street
Surry Hills
Sydney NSW 2010

policebank.com.au

Police Bank

HERE FOR OUR OWN