

ANNUAL REPORT 2025

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CHAIRMAN'S AND CEO'S REPORT

We are pleased to present the 2025 Annual Report for Police Credit Union Limited, highlighting a year of strong and balanced performance across all strategic measures. The results reflect the underlying strength and resilience of our organisation, which remains in excellent financial and operational health. The achievements outlined in this report are a testament to the collective efforts of a dedicated, disciplined and highly effective team, whose commitment to our core values of superior service, honesty, integrity, and financial prudence remains resolute, as we deliver sustained value to Members.

Despite a continued complex and demanding operating environment, Police Credit Union recorded a Group Profit After Tax of \$7.58 million for the year ended 30 June 2025. This outcome contributed to a 7.8% increase in Members' Total Equity which closed the period at \$126.2 million and resulted in a sound Capital Adequacy Ratio of 16.85%. This places our organisation in a highly resilient and well buffered position to continue to execute its forward strategy. As a mutual, customer-owned organisation with over 41,200 Members, 100% of our profits are reinvested into the business to enhance Member value. This reinvestment funds the provision of competitive loan and deposit products, while also enabling strategic investment in capital infrastructure aimed at continuously improving our products, services, and overall Member experience.

In recognition of Police Credit Union's strong value propositions and competitive lending product offerings, the organisation received six independent awards during the reporting period. Notably, Police Credit Union was named Australia's Best Credit Union in the 2025 Mozo Experts Choice Awards, marking the third consecutive year it has earned this prestigious accolade.

Police Credit Union consolidated Total Assets grew by 7.4% to \$1.5 billion, while deposits increased by 7.2% to \$1.3 billion. Police Credit Union continues to perform in the upper industry quartile relative to the key financial metrics of Return on Assets and Return on Equity Ratios, concluding the period of review at 0.54% and 6.23% respectively.

Operating efficiency remained strong with the Operating Expenses to Operating Income Ratio concluding the period ahead of budget at 72.23%. Asset efficiency as measured by Operating Expenses to Average Total Assets was stable at 2.09%, closing the period ahead of budget, and organisational productivity improved by 15.1% as at 30 June 2025.

Your Credit Union continues to prudently invest in its innovation and improvement initiatives, in pursuit of sustainable efficiency and customer-focused outcomes. Continued investment in innovation projects during the period included, customer relationship and marketing automation systems, generative AI driven initiatives, automated loan origination credit management systems, biometric on-boarding capability, a new and upgraded website, data analytics capability, and a new loan documentation solution.



GROUP PROFIT AFTER TAX

\$7.58m



TOTAL GROUP ASSETS

\$1.5b



RETURN ON EQUITY

6.23%



RETURN ON ASSETS

0.54%



COST TO INCOME RATIO

72.23%



TOTAL MEMBERS

41,200

CHAIRMAN'S AND CEO'S REPORT

Looking forward, Police Credit Union will continue to innovate its Banking App and Online Banking capability, implement a new digital loan platform, upgrade its phone system capability and introduce digital visa card functionality.

Police Credit Union's commitment to blending digital innovation with personalised service has become a hallmark of our success. In a financial sector where many competitors have been withdrawing from 'bricks and mortar' branches, we have taken a deliberate approach to invest further in our branch network. Our recent upgrade to the Tea Tree Plus branch has created an inviting space that encourages the warmth of face-to-face interaction blended with modern conveniences. Further branch upgrades will continue in the 2025/2026 financial year and beyond, as part of an ongoing investment into personal banking and support for our Members. In addition, plans are well progressed for an extensive renovation project to our Carrington Street Head Office.

Member satisfaction remained consistently high at 92.5%, supported by a strong Member trust score of 94%. Likewise, Employee Engagement concluded the period at 91.52%, reflecting a highly engaged and committed workforce. During the reporting period, a People-based Culture Index of 94.37 was recorded, exceeding the strategic target of above 90. Similarly, the Risk-based Culture Index reached 97.7, also surpassing the target threshold. These culture metrics underscore Management's continued focus on fostering visibility, transparency, and sustained high-performance outcomes. They also reflect a positive cultural tone around behaviour and conduct, consistent adherence to policy and legislative requirements, robust risk management practices, and a commitment to excellence in customer engagement, all of which underpin these results.

Proactive, meaningful and relevant contributions to Community and Environment have always been considered an important objective in measuring our success. During the past financial period our commitment to community investment exceeded planned targets and we remain firmly on track to achieve our environmental sustainability objectives. Since 2006, Police Credit Union has consistently outperformed its strategic benchmarks, with a cumulative Community Investment Spend exceeding \$7.93 million. During the reporting period, an annual investment of \$634.2 thousand, amongst many worthwhile community initiatives, enabled the successful renewal of several major sponsorships, the retention of our carbon neutral status since 2018, and the expansion of renewable energy infrastructure at Head Office through the installation of solar and battery systems. Additionally, we partnered in initiatives to recycle our organic waste into compost, further supporting our sustainability goals. Award-winning lending products such as the Solar Eco Loan and carbon-offset Car Loans, empowered Members to actively reduce their own carbon footprint, reinforcing our shared commitment to environmental responsibility.

Our strategic focus remains firmly aligned with our core purpose, to improve our Members' lives by providing outstanding service and value which enables them to achieve their financial aspirations. We are committed to sustainable, innovative growth to maintain relevance and scale in a competitive financial landscape. Our strategy centres on

proprietary channel loan growth, facilitated by strong brand presence, leading value propositions, disciplined risk management, and targeted market penetration. Responsible lending practices are matched with robust funding and capital planning, with retail deposits continuing to be a cornerstone of our liquidity strategy.

Our vision is to be the credit union that best understands and fulfils the financial aspirations of our Members and our People. As one of the strongest mutual brands in South Australia and the Northern Territory, we are well-positioned to pursue growth opportunities and deliver on our mission to be a market leader in innovative and competitive financial services. Our strategic success will be measured through our impact across the following five key pillars of performance:

- Customer experience
- Financial Performance
- People, Culture, Risk and Governance
- Innovation and Improvement
- Community and Environment

Looking ahead we anticipate significant escalation of industry, economic, regulatory, geopolitical and technological change. Our strategy considers the impact of these changes on our business and maintaining an adaptable and future-focused plan will ensure that we continue to achieve long term strategic success. Exponential acceleration of technological change continues to drive the innovation and improvement agenda. Significant progress in areas like artificial intelligence, machine learning, blockchain, and biotechnology have transformed industries, improved efficiencies, and created new opportunities. Regulatory change continues to challenge our business both from a resource and cost perspective. Global and domestic economies give rise to ambiguity and uncertainty, and inflationary challenges will take some time to abate. The complexity and volatility of geopolitical tensions around the globe further exacerbate a sense of unease and uncertainty.

Inherent to its future strategic adaptability, the Police Credit Union team maintains a future-focused and customer-driven mindset. This means anticipating trends, embracing innovation, effectively managing risk, and continuously adapting to new technologies and market demands. By being future-focused, we proactively shape our strategy to meet emerging challenges and opportunities, ensuring long-term sustainability and growth. Equally important is retaining a customer-driven mindset. Understanding and prioritising customer needs and preferences is crucial for building strong, lasting relationships. A customer-driven approach involves actively listening to feedback, walking in the shoes of our customers, being data-driven, generating highly personalised and customised experiences, and delivering exceptional value at every touchpoint.

By putting customers at the heart of our strategic plan, we foster loyalty and enhance Member satisfaction. Combining these two themes creates a powerful synergy. A future-focused, customer-driven strategy ensures that we not only stay relevant in a dynamic market but also consistently exceed Member expectations. This dual approach enables

Police Credit Union to innovate with purpose, align our offerings with customer expectations, and ultimately achieve success through leverage of our sustainable competitive advantage.

As a highly regulated organisation, Police Credit Union remains steadfast in our commitment to the highest standards of corporate governance which we regard as fundamental to the successful delivery of our purpose and strategic objectives. We recognise that trust and reliability are central to everything we do, and that our values-driven culture provides the foundation for ethical conduct and sound decision-making across the organisation. Police Credit Union is regulated in the same way as publicly listed banks. All ADIs must meet the same legally enforceable standards under the Banking Act within the jurisdiction of the Australian Prudential Regulation Authority (APRA). APRA's strict rules on safety and capital apply to all ADIs. It means that our Members' deposits are backed by the Australian Government under the Government Guarantee scheme for deposits up to \$250,000. During the period, Management and the Board has worked diligently to ensure that it is able to meet and exceed its governance duties and responsibilities, and compliance obligations.

We acknowledge with deep appreciation the long-standing contribution of Mr Peter Alexander, who concluded a distinguished 16-year tenure as a Director upon his retirement from the Board at the close of the 2024 Annual General Meeting. Peter played an integral role within our governance team, and we extend our sincere thanks for his exemplary service, dedication, and unwavering commitment to the success of Police Credit Union. We were pleased to welcome Ms Leonie Schulz to the Board as a newly elected Director. Leonie brings with her a wealth of experience, including over two decades of dedicated service and leadership with South Australia Police, complemented by extensive governance and cyber security expertise that will further strengthen our governance capability.

On behalf of the Board, Management, and the broader Police Credit Union team, we extend our heartfelt gratitude to our valued Members, dedicated employees, and business partners for your continued collaboration, support and loyalty. Your trust and partnership remain the foundation of our success, and we are committed to serving you with excellence, innovation, and integrity.



Mr Alex Zimmermann
Chairman



Mr Costa Anastasiou
Chief Executive Officer



91.52%
**EMPLOYEE
ENGAGEMENT**



94.37
**PEOPLE-BASED
CULTURE INDEX**



94%
**MEMBER
TRUST**



92.5%
**MEMBER
SATISFACTION**



97.7%
**RISK-BASED
CULTURE INDEX**



\$634k
**COMMUNITY
INVESTMENT SPEND**





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UNION

DIRECTORS' REPORT

The Directors of Police Credit Union Limited (the “Credit Union”) and its controlled entities (together referred to as the “Group”) submit herewith the annual financial report for the financial year ended 30 June 2025. In order to comply with the provisions of the Corporations Act 2001, the Directors’ Report is presented below. The names and particulars of the Directors of the Credit Union during or since the end of the financial year are:



Alexander Paul Zimmermann Elected Director and Chairman

FGIA, FGLF, Grad. Cert. Business Admin

Alex was elected as a Director on the Board in 1999.

As the Chairman of Police Credit Union since 2012, Alex offers extensive corporate governance and leadership experience in Board and senior management roles across a range of state and local government, and non-government organisations.

In June 2025, Alex was appointed as the Commissioner for Drought Support in South Australia. Prior to this Alex had a successful and decorated career as a South Australian police officer, having commenced as a recruit in 1975 and retiring at the commissioned rank of Chief Inspector in late 2020. As a senior-ranking police officer, he was responsible for significant strategic initiatives and operational achievements that included facilitating business process reviews, crisis management, establishing the Electronic Crime Section, and driving organisational change management projects within South Australia Police.

In November 2022, Alex was appointed by the State Government as the Community Recovery Coordinator for the many communities impacted by the River Murray flood event. This follows on from Alex’s extensive work in supporting communities to recover from disasters when he was appointed by previous State Governments as the Local Recovery Coordinator for the Pinery bushfire, Northern Adelaide Plains flooding and the Cudlee Creek (Adelaide Hills) bushfire.

These roles showcased his open and engaging leadership style and strong capacity for decision-making and strategic thinking, combined with competency in establishing and maintaining beneficial and effective relationships with a wide range of stakeholders during emergency and rebuilding phases.

Alex was motivated to become a Police Credit Union Board Member by the desire to make a substantial governance contribution to the strategic performance and effective operations of the Credit Union, ultimately enhancing the interests of Members and the organisation.

In addition to his extensive leadership and governance experience, Alex has a reputation for meaningfully engaging and supporting communities, as well as developing and maintaining significant and diverse stakeholder relationships – highly valuable leadership skills that develop confidence and commitment amongst the Board, Executive team and staff of Police Credit Union.

Alex is also Chairman of the Police Credit Union Board Remuneration and Governance Advisory Committee.

Other Directorships and Memberships:

- Chair, Assurance & Risk Committee, SA Ambulance (appointed November 2024)
- Chair, Workskil Australia (joined January 1995 and appointed Chair in 2004)
- Member, Barossa Hills Fleurieu Local Health Network governing board (appointed July 2023)
- Fellow, Australian Institute of Company Directors
- Fellow, Governor’s Leadership Foundation
- Member, Australian Institute of Emergency Services

DIRECTORS' REPORT



Michael John Fisher Elected Director and Deputy Chairman

FAICD, B. Policing (Invest), Dip. Justice Admin., Grad. Cert. Applied Management, Grad. Cert. Business Admin

Mick was elected as a Director on the Board in 2000.

Mick brings 45 years of extensive operational police experience to his role as Director and Deputy Chairman of Police Credit Union. For the past 20 plus years, Mick has diligently served the Credit Union and our membership. He previously served as Deputy Chairman between 2006 and 2010, before being appointed Deputy Chairman again in 2012.

Over four decades as a Police Credit Union Member provides Mick with significant insight when it comes to the importance of our core membership – Police, Nurses and other emergency service workers – and he has drawn on his own sector knowledge to assist in the development of strategies to attract new Police Credit Union Members from the broader emergency services sector.

During his impressive career in South Australia Police, retiring in June 2025, Mick served as Detective Chief Inspector, the Officer in Charge of Criminal Investigation Branches, Crime Gangs Task Force, and the Serious and Organised Crime Branch. In these areas, he gained experience in complex criminal investigations, including cyber and financial crime. At the height of the COVID-19 pandemic in 2020, he served as Executive Officer in the Police Operations Centre, where he played a key coordination role in South Australia's operational response and management of enforcement operations across the state. His leadership skills in ensuring organisational continuity and state emergency management experience gained through these positions translate seamlessly to his role as Director and Deputy Chairman of Police Credit Union.

Mick has been an active volunteer in the local community in the area of sports/leisure administration and coaching. Mick is Chairman of the Police Credit Union Board Risk Committee and a Member of the Board Remuneration and Governance Advisory Committee.

In November 2022, Mick was elected to the City of Onkaparinga, the largest Council in South Australia, as a Councillor. Later that month, he was elected by the Chamber as Deputy Mayor. Mick also has membership to various forums and committees. His experience in governance holds him in good stead for his duties.

Other Directorships and Memberships:

- Councillor, City of Onkaparinga
- Fellow, Australian Institute of Company Directors
- Fellow, Australian Institute of Governance
- Member, South Australian Sea Rescue Squadron
- Member, Wallaroo Sailing Club



Ann-Marie Chamberlain Appointed Director

GAICD

Ann-Marie was appointed as a Director on the Board in 2022.

As a highly skilled professional, Ann-Marie possesses extensive experience in business leadership and development, corporate strategy, retail banking, financial management and reporting, as well as risk management. Her passion for customer and employee experience is something that fits naturally with the values and purpose of Police Credit Union, and she brings to the Board more than 15 years' executive experience in Banking and Wealth Management.

Ann-Marie spent more than five years as State General Manager for a large Australian financial institution, where she was responsible for the leadership of the retail banking division, including revenue growth, business profitability, product penetration, customer experience and employee engagement. She was subsequently promoted to a senior executive role where she led the transformation of the Small Business Target Operating Model before spending more than four years as General Manager Wealth, Personal Banking.

Ann-Marie is also a previous State Winner in the Telstra Business Women's Awards (Corporate & Private Sector category) and a recipient of a Centenary Medal for Leadership in the Community. Adding to her impressive list of credentials, Ann-Marie has a personal understanding of the many complex issues facing police, as the daughter and wife of retired police officers. Ann-Marie is a long-standing member of Police Credit Union, having joined in 1981.

Her passion for giving back to the community has seen her serve on the Volunteering SA/NT Board since June 2017, including the role of Chair since October 2019. She has also been Trustee for Kalyra Communities, a provider of aged care, retirement living and affordable housing, for the last four years. Ann-Marie is a member of the Police Credit Union Board Audit Committee, and the Board Remuneration and Governance Advisory Committee.

Other Director and Memberships:

- Graduate, Australian Institution of Company Directors
- Chair, Volunteering SA/NT
- Member, People, Remuneration & Governance Committee, Volunteering SA/NT
- Trustee, Kalyra Communities
- Chair, Customer Experience Committee, Kalyra Communities
- Member, Project Control Group & Clinical Governance Committee, Kalyra Communities
- Member, Board of BPP Institute Pty Ltd



Suzanne Mary Daw Appointed Director

GAICD

Susy was appointed as a Director on the Board in 2023.

As an accomplished company director and successful local businesswoman, Susy's experience in strategic, audit and governance risk matters spans almost three decades.

Susy has been a risk management consultant and business mentor with her own business, MQM Business Consultants, and has worked with leading private and public organisations across tourism, finance and banking, tertiary education, real estate, sport and recreation, transport, the building industry, and all levels of Government.

She has 19 years' experience as a facilitator for the Australian Institute of Company Directors and was faculty for Strategy and Risk for the Company Directors Course, Applied Risk Governance and Governance to Protect Vulnerable People.

Rounding out her impressive list of credentials, Susy has also worked in clinical and management roles in the Healthcare sector, having worked as a registered, general and paediatric nurse in public and private sector hospitals, and trained at the Adelaide Children's Hospital.

Susy is a member of the Police Credit Union Board Risk Committee and the Board Audit Committee.

Other Director and Memberships:

- Deputy Chair, Women's and Children's Health Network
- Director, Anglicare SA
- Board Member, St Andrew's Hospital
- Board Member, St Andrew's Hospital Foundation
- Member, University of Adelaide Council Risk Committee
- Graduate, Australian Institute of Company Directors
- Fellow, Governor's Leadership Foundation
- Authorised Marriage Celebrant
- Member, Australian Federation of Civil Celebrants



Kevin Richard Lawton Elected Director

FAICD, B. Mgt, Grad Cert App. Mgt, Assoc Dip Bus,
Assoc Dip Justice Admin.

Kevin was elected as a Director on the Board in 2023.

Kevin brings over three decades of policing experience to his role as Director. As a career police officer, Kevin joined South Australia Police (SAPOL) in 1985 and worked predominantly on patrols in the city, north and western suburbs, being promoted through to the rank of Senior Sergeant. He has also served as a police prosecutor. These roles have helped Kevin hone his communication and negotiation skills.

He currently holds the senior rank of Inspector and has served as the Operations Manager for State Crime Prevention Branch, Community Relations Section, State Intelligence Branch and Forensic Services Branch. He also has regional policing experience, as the Operations Manager for the Eyre Western Local Service Area. Prior to his current role as Communications Shift Manager within Police Communications, Kevin was SAPOL's Police Liaison Officer within SA Health's State Control Centre as part of the statewide pandemic response. His achievements in these roles exemplify Kevin's extensive leadership experience, managerial skills and crisis management abilities.

Kevin has significant experience as a Director within the broader emergency services environment, having served as a Director on the not-for-profit Boards of Emergency Services Ltd and Police Health Ltd, including a period as Deputy Chairman from 2009 to 2022. He has served as Chair of the Finance & Audit, Governance Committees and Nominations Committees, and was a member of the Human Resources and Remuneration Committees. He served as Chairman of the registered not-for-profit, Blue Light (SA) for more than four years and was the Police Association of South Australia Branch President for Metro North.

His commitment to ongoing professional development includes successful completion of the Australian Institute of Company Directors' (AICD) course and the AICD update course, resulting in the esteemed designation of a Fellow of the AICD. Kevin's service has been recognised with a National Medal, National Police Service Medal, SAPOL Service Medal and, most recently, the Emergency Response Active Service Medal. As a member of the Police Credit Union Board Risk Committee and the Board Audit Committee, Kevin brings an intensive and practical understanding of organisational change, board stewardship and current issues that face police and the local community.

Other Directorships and Memberships:

- Fellow, Australian Institute of Company Directors
- Ambassador, White Ribbon Foundation
- Member, Police Association of South Australia
- Member, International Police Association

DIRECTORS' REPORT



Kathryn Anne Presser AM
Appointed Director

BA (Acc), Grad. Dip. CSP, MBA, FCPA, FAICD, FCIS, FGIA

Kathryn was appointed as a Director on the Board in 2015.

Kathryn has extensive experience in financial, accountancy, risk and strategic planning aspects of private, public, not-for-profit and government agencies. She has over 35 years' experience working in senior management roles, including as CFO/Company Secretary at ASX Top 100 listed Oil and Gas Exploration and Production company, Beach Energy Limited.

Her strong leadership and communication skills have been further refined by serving nearly 42 years part-time in the Australian Army, where she currently holds the commissioned rank of Major. Kathryn has previously served as a Member of Council at the University of Adelaide and was Chair of the Finance Committee, where she oversaw significant change to their Financial Reporting and Governance oversight to incorporate more transparency. She was also a Non-Executive Director with Funds SA.

In Kathryn's Director role at Police Credit Union, she brings a sound understanding of the challenges faced in the Financial Sector from skills she brings to the Board as a Non-Executive Director on the Board of the National Reconstruction Fund Corporation (NRFC). She was awarded a Member of the Order of Australia (AM) in the 2022 Queen's Birthday Honours and awards in recognition of her services to Accountancy and her extensive community work. In 2024, Kathryn was appointed as a member of the Board of ASX Limited Company, Renascor Resources Limited. Kathryn is Chair of the Police Credit Union Board Audit Committee and a member of the Board Remuneration and Governance Advisory Committee.

Other Directorships and Memberships:

- Non-Executive Director, Australian Energy Market Operator (AEMO)
- Member, Audit and Risk Committee, (AEMO)
- Non-Executive Director, National Reconstruction Fund Corporation (NRFC)
- Non-Executive Director, Renascor Resources Limited
- Independent Chair, Risk and Performance Committee, South Australian Department of Energy and Resources
- Chair, Walford Anglican School for Girls Foundation
- Director, KP Advisory Pty Ltd
- Fellow, Australian Institute of Company Directors
- Fellow, Australian Society of CPAs
- Fellow, Chartered Institute of Company Secretaries
- Fellow, Governance Institute of Australia



Thomas Mark Scheffler
Elected Director

MAICD, Dip. Local Govt., Cert. Police Studies

Tom was elected as a Director on the Board in 2016.

Tom joined the Board of Police Credit Union to advocate on behalf of Members, staff and their families. As a career police officer with South Australia Police, Tom brings extensive law enforcement experience, well-honed leadership skills and aptitudes that are perfectly suited to his position on the Board. He regularly draws upon these skills to help enhance the Credit Union's annual performance outcomes for Members.

During his 45 years as a police officer on patrols, Tom spent more than 20 years as a Detective in regional and metropolitan locations, where he developed a comprehensive understanding of the challenges facing different communities. He went on to win a contested position on the Police Association of South Australia's committee and later became membership liaison officer. In 2002, he was appointed Assistant Secretary and elected Secretary in 2013 until his retirement in 2018 at the rank of Senior Sergeant First Class.

As a Police Credit Union Director, Tom brings first-hand understanding and confident communication expertise when it comes to how our organisation can best support police officers, nurses and other emergency services personnel through tailored products and services. Tom has extensive People and Culture experience, which includes the fields of training, industrial relations, disciplinary matters, and Enterprise Agreement Bargaining. During his tenure at the Police Association of South Australia, he developed a comprehensive training package for delegates. In addition to attending to criminal matters involving members, he also liaised with the highest levels of South Australia Police regarding disciplinary, worker's compensation, and industrial grievances, as well as negotiating with the State Government of the day in support of Enterprise Bargaining negotiations.

Tom has an extensive history of supporting and giving back to the local community and our Members, which has extended his leadership experience while serving as Deputy Mayor and Councillor within the City of Charles Sturt for over 20 years. Tom is a member of the Police Credit Union Board Audit Committee and the Board Risk Committee.

Other Director and Memberships:

- Past Member, Police Superannuation Board and Police Dependents Fund
- Member, Australian Institute of Company Directors
- Life Member, Police Association of South Australia
- Councillor, City of Charles Sturt
- Former Deputy Mayor, City of Charles Sturt
- Member, Asset Management Committee, City of Charles Sturt
- Past Member, Audit Committee, City of Charles Sturt



Leonie Schulz **Elected Director**

MAICD, Adv. Dip. Public Safety (Investigations), Adv. Dip. Policing

Leonie was elected as a Director on the Board in 2024.

Leonie brings over 25 years of exemplary service with South Australia Police and is a dedicated volunteer in her local community, contributing to sports and school committees, as well as administration and coaching roles.

Her diverse career includes operational roles within the South Australia Police across regional towns such as Peterborough, Kadina and Victor Harbor, as well as metropolitan areas like Christies Beach and Sturt Police Station. She has also served in the Serious and Organised Crime Branch before transitioning to her current role as Detective Brevet Sergeant within the Financial and Cybercrime Branch. In this position, Leonie specialises in investigating complex financial and cybercrime cases, applying her deep expertise in banking systems and emerging trends in online fraud and scams.

Leonie's distinguished service has been acknowledged through several honours, including the National Medal, National Police Service Medal, South Australia Police Service Medal and the South Australia Police Emergency Response Active Service Medal.

An accomplished leader with strong governance credentials, Leonie has completed the Australian Institute of Company Directors Foundations of Directorship and Boardroom Responsibilities courses. Her governance experience includes serving as a Director on the Police Association of South Australia Board, contributing to its legal subcommittee, acting as a Proxy on the South Australia Police Super Board, and recently being appointed Deputy Chair of the Women's Advisory Committee for the Police Federation of Australia in 2024.

Leonie is a member of the Police Credit Union Board Risk Committee and the Board Audit Committee, where her strategic insight and leadership continue to drive positive outcomes.

Other Directorships and Memberships:

- Director, Police Association of South Australia
- Member of Legal subcommittee, Police Association of South Australia
- Proxy, South Australia Police Super Board
- Deputy Chair, Women's Advisory Committee, Police Federation of Australia
- Member, Australian Institute of Company Directors

DIRECTORS' REPORT

Directors and Directors' Meetings

The Board of Police Credit Union Limited met 12 times during the year ended 30 June 2025. In addition, Directors attended Board Strategy sessions during the year. The below table includes:

- names of Directors holding office at any time during, or since the end of, the financial year; and
- the number of scheduled meetings held during the financial year for which each Director was a member of the Board or relevant Board Committee and eligible to attend, and the number of meetings attended by each Director.

Director	Board		Board Audit Committee		Board Risk Committee		Board Remuneration and Governance Advisory Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A Zimmermann	12	11	-	-	-	-	3	3
M Fisher	12	11	-	-	4	-	3	3
P Alexander[^]	4	4	-	-	1	1	-	-
AM Chamberlain	12	12	4	3	-	-	3	3
S Daw	12	12	4	4	4	4	-	-
K Lawton	12	12	4	4	4	3	-	-
K Presser	12	11	4	4	-	-	3	3
T Scheffler	12	12	4	4	4	4	-	-
L Schulz[*]	8	8	3	3	3	3	-	-

^{*}Retired 15 November 2024. [^]Commenced on 15 November 2024.

Company Secretary

Costa Anastasiou B.Ec (Acc), FCPA, FAICD, SA Fin, joined the Credit Union in 2002 and was appointed as Chief Executive Officer and Company Secretary on 20 July 2007.

Principal Activities

The principal activities of the Group during the year included the operation as an Authorised Deposit Taking Institution ("ADI") and included the provision of financial products and services to members, and the provision of insurance services as an agent.

Review of Operations

A review of operations of the Company and its subsidiaries ("the Group") during the financial year is contained within the Chairman's and CEO's Report.

Changes in State of Affairs

Changes were made to the composition of the Board during the financial year. Specifically:

- Peter John Alexander resigned from the position of Elected Director, effective from 15 November 2024.
- Leonie Schulz commenced as Elected Director on 15 November 2024.

There have been no other significant changes in the state of affairs of the Group during the financial year other than those referred to in the Chairman's and CEO's Report and the Financial Statements.

Subsequent Events

Other than referred to in the Financial Statements or the notes thereto, there has not been any matter or circumstance that has occurred subsequent to year-end, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividends

The Credit Union's Constitution prohibits the payment of dividends in respect of any member shares.

Indemnification of Officers and Auditors

Under its constitution the Credit Union must, to the extent permitted by the Corporations Act 2001, indemnify its officers and agents against any liability incurred in conducting the Credit Union's business or exercising the Credit Union's powers. The Credit Union may also indemnify or agree to indemnify any other person. The Credit Union has not, during the financial year or since the end of the financial year, indemnified or agreed to indemnify any other person against liabilities incurred.

The Credit Union has entered into and paid premiums to insure against losses that it may sustain arising out of indemnities to officers and agents to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Auditor's Independence Declaration

The Auditor's independence declaration appears on the following page.

Rounding of Amounts

The Credit Union is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, commencing 1 April 2016, and in accordance with that Corporation Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Alexander Paul Zimmermann
Chairman - Adelaide, 24 September 2025



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

To the Directors of Police Credit Union Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Police Credit Union Limited for the financial year ended 30 June 2025 there have been:

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


KPMG


Neil Ediriweera
Partner

Adelaide

24 September 2025

EXECUTIVE TEAM



Costa Anastasiou Chief Executive Officer

Bachelor of Economics (Accounting), FAICD,
FCPA, SA Fin

Costa has served as Chief Executive Officer and Company Secretary of Police Credit Union since July 2007, following his initial appointment to a senior management role in 2002.

In his capacity as CEO, Costa reports directly to the Board and is responsible for the strategic and operational leadership of the organisation. His remit includes the effective implementation of frameworks across strategy, risk management, governance, and organisational culture.

A qualified accountant, Costa began his professional journey with a Big Four accounting firm before transitioning into the banking and finance sector in 1987. Over the course of his 38-year career in financial services, he has held a wide range of senior executive roles, encompassing financial management, treasury, sales and distribution, marketing and brand development, and strategic governance.

Under Costa's leadership, Police Credit Union has consistently delivered industry-leading performance across its strategic scorecard. The organisation has achieved sustained success in key areas including Financial Performance, People and Culture, Risk and Governance, Innovation and Improvement, Customer Experience, and Community and Environmental impact.

Guided by a strong values-based philosophy rooted in service excellence, integrity, honesty, and financial prudence, Costa has overseen significant growth. Today, Police Credit Union serves over 41,200 Members, manages assets exceeding \$1.5 billion, and continues to expand its workforce and branch network across South Australia and the Northern Territory.

Other Directorships and Memberships:

- Director, PCU Services Pty Ltd
- Director, Ian Berry Insurance Services Pty Ltd
- Director and Life Member, SA Policy Legacy Inc.



Paul Modra Executive Manager, Member Value and Distribution, Deputy CEO

MBA, MAICD

Paul joined the Police Credit Union team in 2001.

Paul is an experienced senior manager and committed people leader. With over 30 years' experience in the broader sector and more than two decades with Police Credit Union, Paul has extensive and valued insight when it comes to the needs and wants of our Members.

A key member of our Executive Management team and Deputy CEO, Paul first started at Police Credit Union as a Branch Manager before being promoted to Executive Manager, Product and Marketing, providing him with diverse experience he continues to draw on in his current role as Executive Manager, Member Value and Distribution. Paul is responsible for developing and implementing our customer relationship strategy, as well as the smooth operation of our Branch Network, Direct Lending Unit, Contact Centre, Retail Operations, Product Management and Relationship Management.

During his tenure at Police Credit Union, Paul has implemented our member life cycle strategy, ensuring all segments of our membership are retained and enhanced. His innovative approach, strong leadership skills and commitment to delivering customer excellence at every opportunity has delivered a Member Satisfaction score consistently above 90%.

Prior to joining Police Credit Union, Paul held a range of roles in the banking sector, including Product Analyst, Assistant Branch Manager, Senior Loans Officer and Member Service Consultant.

He has a Master's Degree in Business Administration from the Australian Institute of Business. Paul is Chair of the Product and Pricing Committee, which monitors and sets competitive interest rates across all lending and deposit products. He is also a member of the Asset and Liability, Credit Risk, and Compliance and Operational Risk Committees.

Other Directorships and Memberships:

- Member, Finance, Audit and Risk Management Committee, St Michael's College Adelaide
- Member, Australian Institute of Company Directors



Anne Battilana
Chief Financial Officer

B.Comm, Chartered Accountant, GAICD

Anne joined the Police Credit Union team in 2024.

Anne is a Chartered Accountant with over 20 years of experience in financial reporting, compliance, business process, and audit and regulatory reporting. She has proven skills that span people management, leadership, strategic planning, risk assessment and management, governance and project delivery.

As a member of the Executive Management team at Police Credit Union, Anne oversees all financial resources of the business, including Treasury, and provides strategic financial management leadership, ensuring the continued financial success of the organisation. She is responsible for developing and executing solutions for accounting policies and internal controls whilst managing capital, liquidity and funding.

Before joining Police Credit Union, Anne held senior management roles in a leading national bank for over 17 years, including more than five years as Financial Controller. Prior to that, she was part of the management team for a well-known local wine company and spent over three years with a global Big Four professional services and accounting firm. These roles have provided Anne with extensive experience in regulatory and statutory reporting, economic reporting, accounting, external and internal audits and resolutions of audit findings.

Working across multiple teams with other senior leaders, Anne has honed her risk identification skills and key leadership skills, with a focus on building high-performing finance teams and fostering a culture of collaboration across the workforce.

Anne holds a Bachelor of Commerce (Accounting) from the University of Adelaide, a Graduate Diploma from Chartered Accountants Australia and New Zealand, and is a Graduate of the Company Directors Course from the Australian Institute of Company Directors. Anne is a member of the Product and Pricing Committee and Credit Risk Committee. As Chairperson of the Asset and Liability Committee, she oversees the monitoring of liquidity, interest rate and capital risks.

Other Directorships and Memberships:

- Director (Treasurer), Board of the YMCA Ballarat
- Director, Swimming SA
- Graduate, Australian Institute of Company Directors



Christie Crouch
**Executive Manager, Brand,
Marketing and Communications**

B.Psych, M.MKT, Graduate Disney Institute, GAICD

Christie joined the Police Credit Union team in 2010.

With more than a decade of experience gained at Police Credit Union, Christie has played a key role in the organisation remaining the most recognised Credit Union in South Australia.

Originally appointed in 2010 as Marketing Manager, Christie progressed to Executive Management positions for Marketing, Product, and People and Culture from 2011. These roles focused on employee engagement, training and development, recruitment, retention, and product development.

In September 2019 Christie started her current role as Executive Manager, Brand, Marketing and Communications, where she is responsible for brand strategy and development, delivery of compelling customer value propositions, and management of publicity and promotion. She leads the Marketing team in strategies to attract new customers, with a focus on Member retention as well as supporting our community through a range of community-based sponsorships and events. Since 2006, Police Credit Union has exceeded targets for community investment spend, contributing over \$7.93 million to community initiatives.

In addition to being a Member of the Product and Pricing Committee and Innovation Committee, Christie chairs the Community, Environment and Employee Engagement and Diversity Committee.

Prior to joining Police Credit Union, Christie held senior Marketing roles in the real estate sector, where she was recognised for her strong leadership ability through numerous industry awards. Christie has a Master's Degree in Marketing and a Bachelor of Psychology from the University of South Australia. She also completed a financial management course through the Melbourne Business School, a Customer Experience Business Development program through the globally acclaimed Disney Institute and is a Graduate of the Company Directors Course from the Australian Institute of Company Directors.

Other Directorships and Memberships:

- Australian Marketing Institute
- Carbon Neutral Adelaide
- Graduate, Australian Institute of Company Directors

EXECUTIVE TEAM



Laura Fountain
Executive Manager, People and Culture

Diploma, Human Resources Management

Laura joined the Police Credit Union team in 2018.

Laura is an accomplished Human Resources (HR) professional with over 15 years of experience in the HR industry, including more than five years as an integral part of the Police Credit Union team.

Laura first joined Police Credit Union in 2018 as a People and Culture Generalist, before being elevated to People and Culture Manager in 2022 and appointed to her current role in April 2023.

As Executive Manager, People and Culture, Laura has responsibility for delivering our People and Culture Strategy. Her primary goal is to attract, nurture, and retain top-tier talent, fostering a workforce dedicated to delivering an unparalleled customer experience. At the helm of her team, Laura spearheads initiatives that include promoting our Employee Value Proposition, handling recruitment, onboarding of new staff, managing employment relations, overseeing performance management, and driving learning and development efforts. She also ensures the alignment of remuneration and benefits, champions workplace health and safety, fosters employee well-being, and orchestrates efforts to enhance employee engagement and retention.

Laura's influence extends beyond her core responsibilities. She is Chair of the Work, Health, Safety and Wellbeing Committee, underscoring her commitment to fostering a safe work environment. She is an active member of the Compliance and Operational Risk, Staff Superannuation, and Community, Environment, Employee Engagement and Diversity (CEEED) Committees as well as a member of the Information Security Working Group. Laura is Police Credit Union's Return-to-Work Coordinator, First Aid Officer, and Equal Employment Opportunity Officer, reaffirming her dedication to the holistic well-being of our workforce.

Before joining the Police Credit Union team, Laura spent more than seven years working in the health and not-for-profit sectors, where she honed her strategic and operational expertise across various HR capacities, from generalist roles to managerial positions. Laura's background also includes a six-year tenure in recruitment and candidate placement, prior to her transition into HR. Laura holds a Diploma in Human Resources Management and is accredited in Saville Wave Personality Assessment and as a Mental Health First Aider.

Other Director and Memberships:

- Professional Member, Australian Human Resources Institute



James O'Loughlin
Executive Manager, Lending and Credit Management

BEd, Grad. Dip. AppFin, MBA

James joined the Police Credit Union team in 2012.

James has an extensive work history that spans more than 30 years in the banking and finance sector, with a proven track record in credit risk management. His advanced analytical skills and strong business and commercial acumen makes him an important part of the Police Credit Union Executive Management team.

As Executive Manager, Lending and Credit Management, James is accountable for leading the responsible credit culture and successfully developing, implementing and monitoring credit policy. He manages the Lending and Credit Management teams who play an important role in assessing personal and home loan applications against strict lending criteria, with a focus on achieving sustainable growth in the loan portfolios. James also leads the Business Banking department, which maintains a strong focus on residential property development.

James is a Chartered Accountant who started his career with a Big Four accounting firm before moving to the banking and finance industry. He has held various roles with international and Australian financial institutions, ranging from private banking, business development to senior management positions, as well as experience across accounting, finance, debt restructuring, cash management and self-managed superannuation funds.

James has a Masters in Business Administration, a Graduate Diploma in Applied Finance and a Bachelor of Economics from the University of Adelaide. He is Chairman of the Police Credit Union Credit Risk Committee and a member of the Asset and Liability (ALCO) Committee, and the Product and Pricing Committee.

Other Director and Memberships:

- Independent Board Member, Law Society, Litigation Assistance Fund



Angela Scarfo
Executive Manager, Risk and Compliance

BA (Legal Studies), LLB, GradDip (Legal Practice), MAICD, CPRM

Angela joined the Police Credit Union team in 2023.

Angela is an accomplished risk leader with a deep passion for effective risk and compliance management and governance. With a wealth of experience spanning nearly two decades, Angela has demonstrated her ability to drive positive change and foster a strong risk culture within a range of organisations.

As Executive Manager, Risk and Compliance at Police Credit Union, Angela ensures our risk management framework is robust and aligned with industry best practice. Her area of responsibility includes business continuity management, fraud and scam management, AML/CTF Compliance and the oversight of corporate insurances and governance. As a member of the Executive Management team, Angela ensures risk and compliance management is integrated into our strategic direction and across our business operations to ensure we appropriately address risks, impending issues and meet all legal and regulatory requirements. In addition to leading a team that maintains the physical security of our branch network and head office, Angela is responsible for managing/assisting with regulator interaction and reporting, and implementation of new and amended legislation and associated staff training across our organisation. This involves overseeing the delivery of extensive fraud and scam awareness training, along with risk management and compliance education. Angela is also Chair of the Compliance and Operational Risk Committee, Police Credit Union's AML/CTF Compliance Officer, Chief Risk Officer, and a member of the Board Risk Committee.

Prior to joining Police Credit Union, Angela worked in senior Risk Management roles in the commercial sector and with leading superannuation funds, as well as in private practice as a lawyer in Real Estate and Risk Management. She has a Bachelor of Arts (Legal Studies) from Flinders University, a Bachelor of Laws from the University of Adelaide and a Graduate Diploma in Legal Practice through the Law Society of South Australia. She has undertaken professional development through the Australian Institute of Company Directors and the Governance Institute of Australia and is a Certified Practising Risk Manager through the Risk Management Institute of Australasia.

Other Director and Memberships:

- Director, Company Secretary and Chair of the Governance, Risk and Nominations Committee, Australasian Legal Practice Management Association
- Director, Risk Management Institute of Australasia
- Member, Australian Institute of Company Directors



Ben Stephenson
Executive Manager, Technology and Data

MInfoSysSec, MACS, GradCertCyberSecu

Ben joined the Police Credit Union team in 2014.

As a critical part of the Executive Management team, Ben brings over 20 years' experience in IT within the mutual banking sector. As Executive Manager, Technology and Data, he heads a team responsible for the security, availability, and integrity of our IT systems and banking platforms, as well as innovation projects.

Ben offers a solid technical background in IT, having worked in frontline support positions earlier in his career before progressing into senior management roles. This diverse range of experience has provided him with a strong background in business processes as well as IT technical skills. Ben continues to champion the need for safe, secure, convenient and reliable IT infrastructure, efficient banking systems and convenient Member access channels across Police Credit Union. This includes various ongoing upgrades across the Credit Union's core technology platform as well as various iterations of our Banking App and Internet banking technologies. In addition to a range of back-end technology enhancements to protect personal information, Ben has managed various online back-end security initiatives which have further minimised losses for our Members, despite increased online fraud activity.

Prior to Ben's position with Police Credit Union, he was Network Administrator for a major commercial brand and spent nearly 13 years as Network and IT Systems Manager for a Tasmanian-based leading financial institution. Adding to an impressive skill set, Ben's experience as a Chartered Accountant for over five years gives him a solid grounding in accounting principles and practices. He has a Master's Degree in Information Systems Security at Charles Sturt University and a Graduate Certificate in Cyber Security Governance at RMIT. His professional development efforts include completion of the Police Credit Union Good to Great Leadership program, graduating from the Tasmanian Chamber of Commerce and Industry Management Training, and recognition as a Microsoft Certified Systems Engineer.

Ben is Chair of our Innovation Committee, Chair of our Information Security Working Group and a member of the Compliance and Operational Risk Committee.

Other Directorships and Memberships:

- Member, Australian Information Security Association

POLICE
CREDIT
UNION



Tom
POLICE
CREDIT
UNION

CORPORATE GOVERNANCE STATEMENT

Police Credit Union is committed to high standards of corporate governance. We believe this is a cornerstone to our ability to deliver on our purpose and strategy. We recognise that reliability and trust is at the core of everything we do and that our purpose, values, and culture set the foundations for good conduct. Notwithstanding that the requirement to table a Corporate Governance Statement is an ASX Listing Rule for listed companies, for the purposes of transparency, better-practice, and ongoing member-shareholder engagement, Police Credit Union is pleased to table an overview of its governance framework, as it has done for many years.

Our core values of superior service, honesty, integrity, and financial prudence reflect the essential beliefs and culture of the business. Our purpose is to improve our Members' lives by providing outstanding value and service that enables them to achieve their financial aspirations. Our strategy is centred around a high-performance framework in areas which are critical to our long-term success:

- Customer experience
- Financial Performance
- People, Culture, Risk and Governance
- Innovation and Improvement
- Community and Environment

This statement is accurate and up to date as at 24 September 2025 and has been approved by the Board. Further information relating to the Police Credit Union's corporate governance practices and key governance documents can be found on the Corporate Governance section of our website at: www.policecu.com.au/corporate-governance/.

Police Credit Union is an Authorised Deposit-taking Institution (ADI) authorised and regulated by the Australian Prudential Regulation Authority (APRA). As the holder of an Australian Financial Services Licence and an Australian Credit Licence, the Credit Union is also supervised by the Australian Securities and Investments Commission (ASIC).

Each Director has a statutory requirement under Chapter 2D of the Corporations Act 2001 and other regulatory provisions and these obligations under law are set out as per this Corporate Governance Statement.

Police Credit Union Limited and its Controlled Entities for the year to 30 June 2025

The Board of Directors has overall responsibility on behalf of the shareholders (Members) for the business of the Police Credit Union Group.

To fulfil this role, the Board develops, approves, and undertakes the setting of organisational strategic direction, the setting of financial and non-financial objectives and metrics, and the monitoring of Management's progress against these plans and objectives, together with operational oversight.

This approach ensures that the Board can apply strong ongoing oversight of compliance with its legal, regulatory and environmental obligations, culture and conduct expectations, together with established Member/customer product and service performance standards and ongoing operational integrity.

The Police Credit Union Board acknowledges its responsibilities under the Financial Accountability Regime Act 2023. Specifically, each Director is an Accountable Person, as defined under section 10 of the Act, and has particular responsibilities under the Act for the oversight of Police Credit Union as a member of the Board. In accordance with the Board Charter, the responsibilities of each Director include:

Providing oversight, and approvals and responsibility for:

- Setting the strategic direction of Police Credit Union, and annually reviewing and approving a 3-year strategic business plan which sets out the organisation's core ideology (including core values), envisioned future, major goal(s), and strategic initiatives and tactics.
- Overseeing, approving and monitoring financial performance and other management reporting.
- Monitoring the effective operation of the Board.
- Evaluating the performance of the Board and individual Directors.
- Allocating responsibilities to appropriate employees, including in relation to compliance with the Financial Accountability Regime (FAR).
- Ensuring senior management monitor and manage all material risks consistent with the strategic objectives, risk appetite statement and Board approved policies.
- Approval of risk appetite and risk management framework, including responsibility for:
 - Developing and approving Police Credit Union's risk appetite statement and communicating this clearly to the CEO.
 - Approving the Risk Management Framework.
 - Ensuring the operation's structure facilitates effective risk management and sufficient resources are dedicated to risk management.
 - Identifying uncertainties, limitations and assumptions attached to the measurement of each material risk.
 - Ensuring senior management develop and implement appropriate arrangements, systems and controls to enable Police Credit Union to appropriately manage risk.
 - Ensuring the organisation's assets and operations are not exposed to undue risks through appropriate risk management.

CORPORATE GOVERNANCE STATEMENT

Approval of Internal Capital Adequacy Assessment Process (ICAAP), including responsibility for establishing a policy framework:

- Regarding capital management for maintaining sufficient capital.
- On organisational frameworks and risk limits in relation to capital.
- For assessing, monitoring and controlling internal capital adequacy, and the calculation of the capital adequacy ratio.

Approval and application of the Remuneration Policy, including responsibility for:

- Reviewing and approving the Remuneration Policy.
- Developing policies and procedures for the recruitment and retention of Directors and executive-level employees.
- Monitoring the effectiveness and implementation of the Remuneration Policy.

Oversight of audit, including responsibility for:

- Ensuring that Police Credit Union's audit functions are carried out by appropriately skilled and qualified persons (whether internal or external).
- Establishing a Board Audit Committee for the review and oversight of matters associated with the ability of Police Credit Union to carry out its regulatory strategy.
- Monitoring the effective operation of the Board Audit Committee.

Oversight of compliance, including responsibility for:

- Approving the Compliance Management Framework and Compliance Policy.
- Ensuring Police Credit Union develops and implements arrangements, systems and controls to enable it to comply with its legal, regulatory and industry obligations (complying with the law and adhering to accounting and other industry standards).
- Ensuring the organisation's assets and operations are not exposed to undue regulatory or compliance risks through appropriate compliance management.
- Ensuring resources are allocated to establishing, developing, implementing, evaluating, maintaining and improving a robust compliance culture and Compliance Management Framework.
- Periodically reviewing the effectiveness of the Compliance Management Framework and forming a view on the compliance culture.

Oversight on risk culture, including responsibility for:

- Leading the development of Police Credit Union's culture by the governing body as a whole, including risk culture.
- Assessing and forming a view on the risk culture and the extent to which the culture supports the ability of Police Credit Union to operate within its risk appetite.
- Identifying any desirable changes to the risk culture and communicating to senior management steps which need to be taken to address those changes.

Oversight of cyber security including responsibility for:

- Ensuring that Police Credit Union maintains information security in a manner commensurate with the size and extent of threats to its information assets, and which enables the continued sound operation of the entity.

Oversight of whistleblowing including responsibility for:

- Ensuring that the Board maintain independence and effective implementation of Police Credit Union's policies and procedures in relation to whistleblowing.
- Ensuring adequate protection of staff who raise concerns in relation to the risk and compliance functions of Police Credit Union, from detrimental treatment.

The Board has adopted the following statement of functions reserved to it, with the day-to-day management delegated to the Chief Executive Officer (CEO) and the Credit Union's Management Team. The Board is also responsible for:

- Monitoring the implementation and performance of the Credit Union through agreed goals and strategy.
- Assessing performance against Board-approved budgets, targets and key performance indicators.
- Overseeing the management of the Credit Union's business.
- Overseeing appropriate policies, controls, systems and procedures within the Credit Union to set the risk appetite, manage the risks of its businesses, and compliance with all regulatory and prudential requirements including, without limitation, work, health, safety, wellbeing, and environmental issues.
- Reviewing matters of general Corporate Governance, including the established and annual review of a Corporate Governance Plan and Framework document.
- Appointing and removing the CEO.
- Ensuring appropriate succession planning is in place.
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Overseeing, approving and monitoring of financial performance and other management reporting.
- Setting delegated expenditure limits.
- Ensuring that it strives to continuously improve Corporate Governance performance, standards and practices and in doing so maximising the effectiveness of the Board.
- The agreed goals and strategy as outlined above requires the Board on at least an annual basis to engage in strategic planning. This necessitates on an ongoing basis, a review of developments in the economic environment and finance industry, monitoring key business risks, evaluating emerging opportunities, assessing management of all these elements and considering modifications in strategic direction.

The Board acknowledges that it has specific responsibilities and duties in regard to and as it relates to the preparation, approval and presentation of Financial Statements and Reports with reference to the Corporations Act 2001, as follows:

- Financial Statements shall be prepared and tabled in accordance with Chapter 2M of the Corporations Act 2001, Accounting Standards and Interpretations, and in compliance with other requirements of the law. It is the duty and responsibility of each Director to act diligently in considering the accuracy and completeness of the financial statements and, when satisfied, provide approval in the tabling of a Directors' Declaration accordingly.

- The Board Audit Committee shall meet regularly and discharge its duties in accordance with its Charter. The Committee will provide a written update to the Board after each meeting outlining matters considered and identifying any specific issues that require Board attention. Board Audit Committee papers and approved minutes will be made available to all Directors.
- It is expected that Directors will undertake and attend ongoing professional development and learning to ensure that they are properly and adequately equipped in terms of financial statements knowledge to discharge their responsibilities. The CEO shall be responsible for the coordination of such training.
- The CEO shall table an annual financial statements declaration to the Board as an attestation and representation as to the process, detail, content and integrity in the preparation and presentation of the financial statements.

Board Independence, Renewal and Selection

All Board members are independent non-executive Directors. The Board assesses the independence of Directors on an annual basis.

- A Director will be regarded as independent if that Director:
 - Is a non-Executive Director
 - Has not been an officer of the Credit Union
 - Has within the last three years not been employed in an executive capacity by the Credit Union or any of its subsidiaries
 - Has within the last three years not been a principal of a material professional adviser or a material consultant to the Credit Union or any of its subsidiaries, or an employee materially associated with the service provided
 - Has not been a material supplier or customer of the Credit Union or any of its subsidiaries, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
 - Has no material contractual relationship with the Credit Union or any of its subsidiaries other than as a Director of the Credit Union
 - Has been free from any interest and any other business relationship which could, or could reasonably be perceived to, interfere materially with the Director's ability to act in the best interests of the Credit Union.

For the financial period to 30 June 2025, the Board has assessed that all Directors are independent, and that they continue to test and challenge Senior Management constructively and exercise independent judgement on matters presented for Board decision.

The Board comprises five Elected Directors who are elected on rotation, and three Appointed Directors. In accordance with the Credit Union's Constitution, the Board has the power to appoint by resolution at any time up to three persons as an Appointed Director.

In the event the Board, in its determination, does not have an ideal inventory of skilled Directors and is unlikely to develop the necessary competency and/or diversity, it has the power to source and appoint a Director, thereby giving the Board the appropriate and enhanced renewal.

The Board requires Directors to have skills, knowledge, and experience which are complementary to the Credit Union's activities and strategy, or have appropriate professional qualifications, and who can bring value and judgement to the Board's deliberations. The Board strives to achieve a balance of skills, knowledge, experience and renewal among

its Directors, with the process being formally overseen by the Board Remuneration and Governance Advisory Committee.

It is the Board's view that, collectively, the Directors need to have appropriate skills, tenure, and experience to provide leadership and contribute to the effectiveness of the Board and the success of Police Credit Union. The Board reviews its mix of skills, knowledge, and experience annually, using a skills matrix. These reviews include consideration of future succession plans for Board members and any additional areas of expertise that may be needed or desired by the Board.

The Board, as part of its renewal process, considers the length of service of each Director in conjunction with a skills, knowledge, and experience review, in determining whether Directors have served on the Board for a period which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Credit Union. **For the financial period to 30 June 2025**, the Board has assessed and concluded that no Director has served on the Board for such a period that their independence has been compromised.

The Board has, in accordance with Police Credit Union's Constitution, established a Nominations Panel for the purpose of assessing Director candidates, including those Directors whose term expires at the Annual General Meeting and who are offering themselves for re-election.

The assessment is undertaken with reference to Board-approved Police Credit Union Model Criteria, to determine whether that person has demonstrated an ability to be a Director and is 'fit and proper'. The Nominations Panel consists of four members, being two current Directors and two independent and external persons who possess an overall suitable mix of character, skills, knowledge, and experience to enable an effective assessment of candidates.

Following a thorough assessment, the Nominations Panel must be satisfied that each candidate has demonstrated an ability to be a Director as assessed against the Board-approved Model Criteria and is fit and proper to be, and act, as a Director by reference to the Credit Union's Fit and Proper Policy. During the reporting period, the Nominations Panel met to review and assess three Director candidates (including one current Director who had offered themselves for re-election) in respect of two Elected Director positions to be filled at the 2024 Annual General Meeting, and to report to the Board the Panel's assessment of whether the candidates satisfied the Model Criteria.

Each Director (both Appointed and Elected) enters into a Deed of Director's Terms of Appointment agreement that covers the Director's role, duties and responsibilities, terms of appointment, ongoing education, remuneration, disclosure of outside interests, independence, privacy, and confidentiality obligations. Arrangements for access to information, insurance, indemnity, and access to independent professional advice arrangements are also contained in the Deed.

Following appointment, each Director participates in an extensive induction program to familiarise themselves with the Credit Union's business and strategy and to develop industry knowledge. The information provided includes information about the Credit Union's corporate governance and risk frameworks, policies, organisational structures, and business activities. The induction program also involves one-on-one meetings with Executives, and the Internal Auditor. There is also an induction program for each Board Committee of which a Director becomes a member.

CORPORATE GOVERNANCE STATEMENT

Diversity and Inclusion

Police Credit Union is committed to promoting an organisational culture and workplace that fosters diversity and inclusion across all levels of the business. We achieve this through eliminating stigmas and creating a culture of inclusion through the promotion of education, awareness, and mutual understanding in line with our values and ethics. It is expected that all employees, including Directors, take personal responsibility for fostering a culture of diversity and inclusion, and demonstrate behaviours consistent with our strategy, vision, values, and ethics.

The Board has established a diversity and inclusion policy framework. Police Credit Union will not tolerate unlawful discrimination, harassment, workplace bullying or victimisation, or any behaviour that is inconsistent with our values or ethics.

It is our policy to treat all Members, employees, prospective employees, agents, contractors, customers, suppliers, and members of the community fairly and equally regardless of their race, colour, gender, sexual orientation, age, physical or mental impairment or disability, marital status, parental or carer's status, pregnancy, religious beliefs, socio-economic background, or ethnic, national, or social origin in accordance with the organisation's Fair Treatment and Code of Ethics Policies.

The Police Credit Union Group has consistently maintained full compliance with the Workplace Gender Equality Act 2012 since its inception and with the most recent notice of compliance for the period 2024-2025.

Skills, Knowledge and Experience and Continuing Education

To ensure that Directors of Police Credit Union collectively have the full range of skills needed for the effective and prudent operation of the institution, and that each Director has skills that allow them to make an effective contribution to Board deliberations and processes, each year an analysis is undertaken to monitor a strategic skills map for effective Board renewal, optimum Board composition, and appropriately targeted professional development and governance learning programs. This includes the requirement for Directors to have the necessary skills, knowledge, and experience to understand the risks of the institution, including its legal and prudential obligations, and to ensure that the institution is managed in an appropriate way taking into account these risks.

The Board Remuneration and Governance Advisory Committee is responsible for overseeing the annual audit of Director knowledge, skills, and experience. For the financial period to 30 June 2025, the most recent results of this assessment indicate that the Board's aggregate knowledge, skills and experience reflects overall performance in the upper quartile of assessment. In addition, during the financial period to 30 June 2025, the Board also commissioned the engagement of an independent external firm to conduct a Board Skills Competency Matrix. This was completed in August 2025 and, whilst identifying some areas for consideration and opportunities for improvement, revealed no adverse or material findings.

The Board Remuneration and Governance Advisory Committee is responsible for the regular review of Director Professional Development and Learning and must ensure that the continuing education program

of learning is appropriate and adequate in enhancing the skills, knowledge, and experience of Directors. In accordance with POL 3010.3 – Responsible Person Learning Policy, all Police Credit Union Directors are expected to actively participate in ongoing professional education programs that includes minimum levels of required structured and unstructured learning, a formal induction program (where relevant) and the provision of regular scheduled training by internal and external experts across various banking and finance disciplines. All Directors must undertake extensive and continuing professional development programs to optimise and enhance their current skills and knowledge. Police Credit Union's policy on Responsible Person Learning, requires all Directors to each complete a minimum of 90 hours of professional development over a triennium period consisting of 35 hours of approved structured learning and 55 hours of approved unstructured learning. For the financial period to 30 June 2025, all Directors have completed the mandatory minimum requirement as set out in Board policy.

Board Assessment, Evaluation and Remuneration

In accordance with Board Policy, Directors undertake an extensive evaluation of Performances and Practices covering areas such as accountability to Members, the setting of strategic direction, the establishment and review of Policies, the monitoring of organisational performance, Board composition and operation, attendance and contribution to meetings, Board Processes, Code of Conduct and Compliance and Control. Police Credit Union also undertakes external and independent reviews of its governance arrangements, and comparisons to standards of accepted good practice.

Performance evaluations incorporating the Board and its Committees are conducted annually with results assessed by the Board Remuneration and Governance Advisory Committee and reported to the full Board. The objective of this analysis is to assess and monitor the effectiveness of Director and Board governance practices and measure the ability of the Board to properly function and meet its obligations and identifying and mitigating areas of underperformance.

To ensure ongoing good corporate governance practices, and for the purposes of maintaining an external independent process for regularly assessing and evaluating the performance of the Board and individual Directors, including comparison to standards of accepted good practice, the Board Remuneration and Governance Advisory Committee engage the use of a suitably qualified, credentialed and reputable firm to undertake an independent external assessment of Board capability, to ensure that it is fit for purpose having regard to the expectations outlined in paragraph 19 of APRA Prudential Standard CPS 510 Governance, for individual Directors, and the Board as a collective, at least every two years.

The Board Remuneration and Governance Advisory Committee is responsible for the implementation of the Independent Director and Board Assessment, including the review and consideration of findings and recommendations and the remediation of any issues that may emerge from that review, subject to approval by the Board.

The Independent Director and Board Assessment includes and is not limited to the following areas of review; Duties, Responsibilities and Accountabilities, Decision Making, Risk Management and Compliance, Legal, Prudential, and Regulatory Obligations, Strategy,

Board Dynamics, Conflict of Interest, Board Meetings and Information, Committees, Chair Performance, and Succession Planning.

During the financial period to 30 June 2024, the Board commissioned the engagement of an independent external firm to conduct a Board Performance Evaluation. This was completed in June 2024, considered by the Board, and revealed no adverse or material findings. The report did however identify a number of better practice opportunities for improvement which have been considered by the Board for implementation. The review is next scheduled for June 2026.

In accordance with Board Policy, the Board Remuneration and Governance Advisory Committee, and ultimately the full Board, undertake extensive annual performance and remuneration reviews of the CEO, Executive-level direct reports of the CEO, and other persons whose activities may in the Committee's opinion, affect the financial soundness of the Credit Union.

Board policy requires that performance development reviews must be undertaken annually and after the conclusion of the financial period, using respective Accountability Statement and Position Performance Profiles, which incorporate Key Performance Indicators (KPIs), both financial and non-financial, that are directly aligned to the Police Credit Union Strategic Plan balanced scorecard.

The Responsible Person Remuneration Policy linked to performance reviews, is structured in a manner that:

- Aligns with the Credit Union's business plan, strategic objectives and risk management framework;
- Promotes the effective management of both financial and non-financial risks, sustainable performance and the Credit Union's long-term soundness;
- Supports the prevention and mitigation of conduct risk;
- Motivates executive and other managers captured by this policy to manage and lead the business successfully and to drive strong long-term organisational growth and performance in line with the strategy and business objectives;
- Encourages conduct and behaviour that supports the desired organisational and risk management culture of the Credit Union;
- Ensures that there is transparency and fairness in remuneration policy and practices;
- Delivers a balanced solution addressing all elements of total pay – base pay and benefits including appropriate superannuation arrangements and attraction and retention strategies; and
- Ensures that the Credit Union will meet its obligations under the Financial Accountability Regime and, in particular, its obligations with respect to deferred remuneration, where applicable. Detailed obligations are set out in POL 3005.19 Financial Accountability Regime Policy.

In accordance with Board Policy, and **for the financial period to 30 June 2025**, the Board Remuneration and Governance Advisory Committee and Board have satisfactorily undertaken and completed extensive annual performance and remuneration reviews of the CEO, Executive-level direct reports of the CEO and other persons whose activities may affect the financial soundness of the Credit Union.

Fit and Proper

Police Credit Union maintains a robust framework to ensure that individuals appointed to senior positions within the Credit Union

have the appropriate fitness and propriety to fulfil their prudential responsibilities.

The framework set out in the Credit Union's Fit and Proper Policy addresses the requirements of APRA Prudential Standard CPS 520 Fit and Proper. Under the policy, all Directors and senior managers need to have, and must continue to demonstrate, the required competencies, character, diligence, honesty, integrity and judgement needed for the effective and prudent operation of the Credit Union.

The policy requires the annual completion of a number of competency, background, and probity checks as part of the assessment process to confirm the person's character, experience and qualifications. The policy also requires annual notification of any relevant directorships, other interests, positions or associations as well as appropriate criminal and bankruptcy checks.

Directors, senior managers and the external auditor are assessed before appointment and then annually. All Directors, senior managers and the external auditor have been assessed as fit and proper.

For the financial period to 30 June 2025, and in accordance with Board policy, all Directors and senior managers have been assessed as meeting the requirements of the Fit and Proper Policy, without exception.

Accountability

In addition to and separate from the above Fit and Proper requirements, Police Credit Union's Directors, CEO, Executive Managers and Internal Auditor are registered as Accountable Persons with APRA, as required by the Financial Accountability Regime Act 2023 (FAR).

Police Credit Union and its Accountable Persons will ensure it meets the accountability obligations imposed by this legislation including to, at all times:

- Act with honesty, integrity and with due skill, care and diligence;
- Deal with Regulators in a way which is open, constructive and cooperative;
- Take reasonable steps in conducting its responsibilities to prevent matters from arising which would adversely impact the prudential standing or prudential reputation of Police Credit Union; and
- Take reasonable steps in conducting its responsibilities to prevent matters from arising that would (or would be likely to) result in a material contravention by Police Credit Union of the Financial Accountability Regime Act 2023, the Banking Act 1959, the credit legislation (within the meaning of the National Consumer Credit Protection Act 2009), and regulations, instruments, directions or orders made under any of those laws.

For the financial period to 30 June 2025, and in accordance with Board policy, all Directors and senior managers have been assessed as meeting the requirements of the fit and proper, and FAR policy, without exception.

Board Processes

The Board has established a comprehensive framework of Board and Management Committees to assist with management of the Police Credit Union Group, with particular emphasis on compliance, internal controls and business risk management, both financial and non-financial. All Committees have written mandates (Charters) and operating procedures. The role and responsibilities of the Board is set out in the Board Charter which is reviewed annually.

CORPORATE GOVERNANCE STATEMENT

Committee Structure

The diagram below details the Credit Union's committee structure as well as the established risk governance structure.

The detailed role of each committee and the Credit Union's internal control and Risk Management Framework is provided in the following sections.

Board Remuneration and Governance Advisory Committee

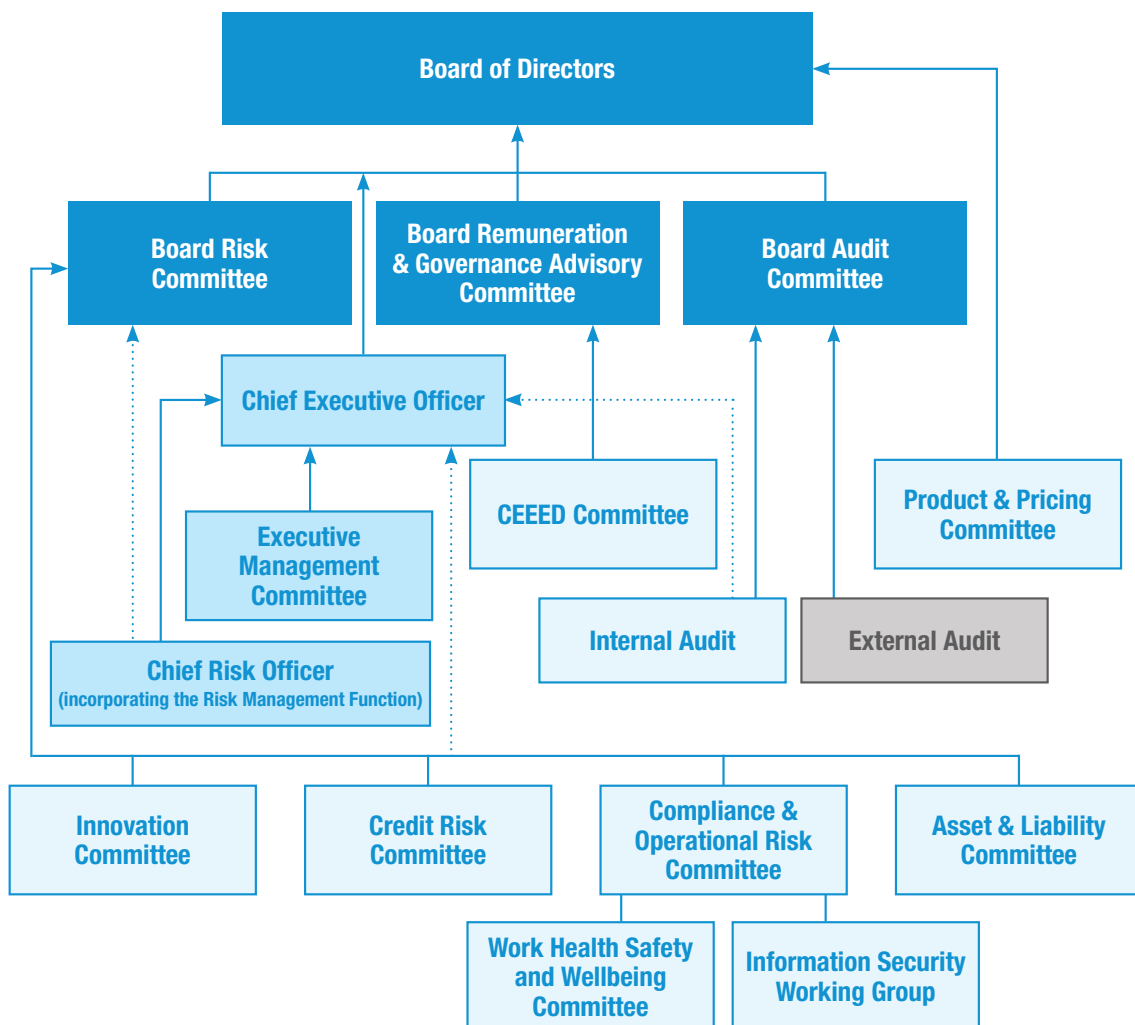
The Board Remuneration and Governance Advisory Committee is a Committee of the Board established in accordance with the Credit Union's Constitution and as required by APRA Prudential Standard CPS 510 Governance. The Committee comprises the Chairman and Deputy Chairman of the Board and three other Directors which include the Chairman of the Board Risk Committee and the Chairman of the Board Audit Committee.

The role of the Board Remuneration and Governance Advisory Committee is set out in a Charter which has been approved by

the Board and is reviewed on an annual basis. The Committee is responsible for the review of Governance policies and practices; Board evaluation; CEO and senior management performance, remuneration reviews and succession planning; Director remuneration; Director screening, nomination and induction.

The Committee is responsible for initiating and overseeing the process of annual CEO performance evaluation, remuneration review and succession planning, making recommendations to the Board in accordance with the Responsible Person Remuneration Policy, and has undertaken this process without exception.

The Committee is also responsible for overseeing the process of annual remuneration reviews and performance evaluations of direct reports to the CEO, and other persons whose activities may in the Board Remuneration and Governance Advisory Committee's opinion affect the financial soundness of the Credit Union, and any other person specified by APRA, in accordance with the Policy, and has undertaken this process without exception.



Board Audit Committee

The Board Audit Committee is a Committee of the Board established in accordance with the Credit Union's Constitution and as required by APRA Prudential Standard CPS 510 Governance. The Board Audit Committee comprises at least four Directors. The Chairperson of the Board of Directors cannot be a member of the Committee.

The role of the Board Audit Committee is set out in a Charter which has been approved by the Board and is reviewed on an annual basis. Its objectives are to enhance the credibility and objectivity of financial reporting and to review the effectiveness of the external and internal audit functions. It aims to provide a link between the Board of Directors and the External and Internal Auditors and reviews and monitors the internal control environment operating within the Credit Union.

As part of its work, the Committee reviews the scope, quality and independence of internal and external audit, and recommends to the Board any change in the appointment of the External Auditor.

Board Risk Committee

The Board Risk Committee is a Committee of the Board established in accordance with the Credit Union's Constitution and is required by APRA Prudential Standard CPS 510 Governance. The Board Risk Committee comprises at least four Directors. The Chairperson of the Board of Directors is not a member of the Committee.

The role of the Board Risk Committee is set out in a Charter which has been approved by the Board and is reviewed on an annual basis. Its objectives are to assess, monitor and review the management and effectiveness of the Credit Union's Risk Management Framework and Compliance Framework including the oversight of the Compliance and Operational Risk Committee, Credit Risk Committee, Asset and Liability Committee and Innovation Committee.

In addition to overseeing the establishment and implementation of risk management and control frameworks, the Committee is responsible for the oversight and management of risks within the Board's risk appetite as well as approval and recommendation to the Board of risk-based policies and procedures and the implementation of the Business Continuity Plan. The Board Risk Committee meets four times per year and, as part of its responsibilities, reviews Police Credit Union's Risk Management Framework annually.

Internal Control and Risk Management Framework

The Board acknowledges its responsibilities for the oversight of internal controls and the overall Risk Management Framework, including the Three Lines of Defence risk management and assurance model.

The Risk Management Framework, which satisfies the requirements of APRA Prudential Standard CPS 220 Risk Management, is designed to achieve outcomes consistent with the Credit Union's risk-reward expectations and includes the Risk Appetite Statement, incorporating risk triggers and risk tolerances to manage exposures and risk concentrations, and Board approved policies for each of the key risk areas it is responsible for overseeing.

Police Credit Union has a clearly defined policy framework that sets out how areas of material risk are managed. The framework is centred around the Risk Management Framework with supporting policies directly linked to its key risk categories of credit risk, asset and liability risk, operational risk, and strategic risk. In managing its

policy framework, direct reference is made to relevant regulation and legislation to ensure that policy correctly reflects the Credit Union's obligations and ensures ongoing compliance with those obligations. During the period, policy requirements have been met, and no material exceptions were reported.

Recently, Police Credit Union completed a policy review project, which involved a comprehensive review of all policy documents, including style and format, template guidance, storage, confidentiality, communication and access. The project resulted in a significant uplift of the policy framework and associated procedures and working documents, which continue to be reviewed annually via the respective management committees and managed by the Risk and Compliance function.

Police Credit Union is a values-driven organisation that advocates the principles of adherence to policies, and the application of sound governance practices and operates its business in a conservative manner within its risk appetite set by the Board and integrated with Police Credit Union's strategic objectives.

In assessing strategic initiatives, Police Credit Union employs a balanced and well considered approach and ensures that any associated risks are commensurate with the risk-reward equation and Police Credit Union's appetite for risk. The Risk Appetite Statement and the Risk Management Framework which it supports, underpins fundamental principles of strong capitalisation, robust balance sheet and sound earnings, which protect Police Credit Union. This in turn supports the implementation of a robust and effective organisational wide risk culture which encourages taking appropriate and relevant risks that are adequately rewarded and that support Police Credit Union's strategic direction.

In the delivery and implementation of its strategic objectives, Police Credit Union employs a balanced approach which does not jeopardise the underlying principles of maintaining a strong buffer and stable capital base, and a positive and well-respected reputation that underpins customer and market confidence.

Police Credit Union adopts the position that whether expressed in quantitative or qualitative terms, risk appetite needs to be measurable, and the methodology employed to set, determine and monitor performance against material risks, is premised on that principle.

In managing risk and implementing its strategic objectives, Police Credit Union will:

- Consistently operate in a responsible and financially prudent manner;
- Apply a conservative and prudent approach in setting strategy and pursuing strategic objectives;
- Avoid a speculative or aggressive approach in implementing strategy;
- Maintain and proactively monitor an effective control environment, that together with practical constraints, minimises risks that might impact on the continuity of its business;
- Make business decisions only after careful consideration of risk, including consideration of the risk-reward equation, and fit with the Credit Union's organisational culture;
- Understand the risks that it takes on in undertaking strategic initiatives or exposure to new products and services only as sufficient experience and insight is gained;

CORPORATE GOVERNANCE STATEMENT

- Not conduct trading book activity and not have any foreign exchange or commodity positions;
- Diligently strive to protect and enhance its reputation; and
- Act with integrity, ethics, strong professional standards, and within the legal and regulatory frameworks applying to its business.

Police Credit Union undertakes a detailed review of its overall Risk Management Framework on an annual basis. During the period, the strategic KPIs relative to risk were reviewed and updated, and the Risk Appetite Statement, including both quantitative and qualitative measures, were refreshed. Identified risks, and the controls in place to mitigate against these risks, are reviewed on a monthly basis by the Executive Management Committee and Board, and then further assessed by Board and Management Committees on a quarterly basis.

During the period, this review did not identify any material exposures for which Police Credit Union does not have effective controls in place. As part of the review of the Risk Management Framework, and specifically the key risks to which Police Credit Union is exposed, an ongoing assessment is also undertaken at each Board and Committee meeting as to whether there are any emerging risks for which new or additional controls must now be implemented.

Previous 'horizon scanning' considered whether Police Credit Union may be exposed to any environmental or social risks that may be present or emerging. Police Credit Union has previously engaged KPMG to undertake a detailed assessment as to key acute physical risks which may impact the business in the future. Findings from the assessment were assessed as not presenting a material risk to Police Credit Union. Ongoing assessments will be undertaken to consider any changes to such impact.

During the period, horizon scanning undertaken included consideration as to the potential impact to Police Credit Union as a result of the Scam Prevention Framework. An evaluation was undertaken to determine Police Credit Union's readiness to ensure compliance with the Framework and the measures outlined within the Framework. The evaluation undertaken during the period included a gap analysis assessment and identified that Police Credit Union has already adopted appropriate and effective control measures to ensure compliance. No material concerns were identified. Police Credit Union is committed to continually reviewing and uplifting its policies and processes, where required, to ensure compliance with the Scam Prevention Framework, and other scam initiatives and measures, particularly within the Scam Safe Accord, jointly launched by the Australian Banking Association and the Customer Owned Banking Association in the prior period.

Horizon scanning has also considered Police Credit Union's approach to Artificial Intelligence (AI) and the potential impact of AI applications and use on the Credit Union from an ethical, legal and regulatory, privacy, operating system and usage perspective. Police Credit Union is actively engaged in considering additional necessary controls and continuously monitoring potential risks and regulatory requirements in this regard to ensure a best practice approach. During the period, Police Credit Union developed an AI Policy Framework to provide guidance and appropriate guardrails for its staff to ensure risks with respect to AI use are appropriately managed and opportunities are pursued in an effective albeit cautious manner.

To assist in discharging these responsibilities, the Board has instigated a control framework through the formation of risk management committees, each chaired by an Executive Manager with this responsibility included in their accountability obligations.

Asset and Liability Committee

The Asset and Liability Committee reports to the Board Risk Committee, and monitors and manages the balance sheet, liquidity, interest rate, market and capital adequacy risks, controls, policies, frameworks, procedures and limits as set by the Board and in accordance with regulatory requirements.

The Committee is responsible for the monitoring and management of the liquidity portfolio, treasury management and capital adequacy requirements of the Credit Union and ensures that strategies undertaken are consistent with the strategic direction set by the Board.

Credit Risk Committee

The Credit Risk Committee reports to the Board Risk Committee, and monitors and manages the credit risk controls, policies, frameworks, procedures and limits as set by the Board and in accordance with regulatory requirements.

The Committee is responsible for undertaking ongoing reviews of the risk management systems and controls that deal with the adequacy and effectiveness of credit risk management and internal control practices. It ensures that the reporting of credit risk and lending performance is accurate, and maintains a prompt, independent lending review and reporting process.

Compliance and Operational Risk Committee

The Compliance and Operational Risk Committee reports to the Board Risk Committee and monitors and manages the compliance and operational risk controls, policies, frameworks, procedures and limits as set by the Board and in accordance with regulatory requirements.

The Committee is responsible for incorporating changes into the Police Credit Union Group's compliance culture and ensures that staff are skilled to the appropriate level of compliance and monitors systems and policies that deal with the adequacy and effectiveness of the compliance system.

The Committee is also responsible for the ongoing identification, management and monitoring of operational risks, including but not limited to regulation and compliance, culture and conduct, information security, corporate insurance, work health and safety, fraud management, and the implementation of an effective Business Continuity Plan.

Innovation Committee

The Innovation Committee reports to the Board Risk Committee and is responsible for the monitoring, identification, analysis and implementation of innovation-driven ideas or concepts, and efficiency improvements that support the strategic direction of the Credit Union.

Without limiting its scope, the Committee is mandated to embrace disciplined and agile structure to enable it to engage throughout the business and externally in staying abreast of industry and technology trends and ensuring that the Credit Union adopts emerging ideas and concepts to remain relevant.

The Committee ensures that initiatives undertaken are consistent with Police Credit Union's strategic direction and risk appetite.

Product and Pricing Committee

The Product and Pricing Committee reports to the Board and is responsible for the effective and strategic management of products including the monitoring and setting of interest rates and fees and charges, enhancement of products and services, and the management of transactional risk controls. The Committee actively considers the impact of its decisions across access channels, ensuring that product and marketing strategies are aligned with the customer experience, strategic and asset and liability risk, and sales, distribution and lending strategies.

Community, Environment and Employee Engagement and Diversity (CEEED) Committee

The CEEED Committee reports to the Board Remuneration and Governance Advisory Committee and is responsible for overseeing the implementation of ongoing initiatives which reflect Police Credit Union's commitment to community, social responsibility and the environment.

Notwithstanding Police Credit Union's long-standing commitment to Community and Environment, having implemented strategic level metrics since 2006 to transparently monitor and measure progress around sustainability, it has further enhanced this position through the development of a Board-level Environmental and Social Sustainability Policy.

The policy framework further formalises Police Credit Union's commitment to expanding the scope of its environmental impact initiatives, including enhancements centred around greenhouse gas emissions, waste, and pollution.

In addition, this policy commitment provides guidance in the implementation of social sustainability initiatives incorporating relevant key entity factors including workforce and diversity, safety management, and community involvement, both of which strengthen Police Credit Union's strategic effectiveness in achieving positive environmental and corporate social responsibility outcomes.

The CEEED Committee is also mandated to develop and implement initiatives to enhance employee engagement and diversity, specifically to attract and retain talent, drive high performance team outcomes and engage a proactive culture in the achievement of sustainable and superior customer experience outcomes.

Work Health Safety and Wellbeing Committee

The Work Health Safety and Wellbeing Committee reports to the Board Risk Committee via the Compliance and Operational Risk Committee and monitors and manages measures designed to ensure the health, safety and wellbeing of employees as set by the Board Risk Committee and in accordance with legislative and regulatory requirements.

The Committee is responsible for monitoring and reporting on Police Credit Union's compliance with the duties of persons conducting businesses or undertakings under Work Health and Safety Legislation.

The Committee is also responsible for facilitating cooperation between management and employees, formulation and implementation of related policies, practices and procedures, assisting in resolving health, safety and wellbeing issues, consulting with staff on related matters and supporting the development of a strong health, safety and wellbeing culture.

Each Committee undertakes an annual self-evaluation of the Committee's performance against its agreed objectives and mandate, as set out in the relevant Committee Charter.

Information Security Working Group

The Information Security Working Group is established by the Board and reports to the Board Risk Committee via the Compliance and Operational Risk Committee.

To ensure a collaborative approach to Information Security, the Group is comprised of various representatives across the business, including the Executive Manager Risk & Compliance and Executive Manager People & Culture, IT administrators, a member of the Member Value & Distribution team, and is chaired by the Executive Manager Technology & Data.

The Working Group is responsible for ensuring that the day-to-day operational functions of Police Credit Union's Information Security Management System are operating effectively and in accordance with the Credit Union's overall Information Security Governance Framework.

Three Lines of Defence

The Board employs the Three Lines of Defence risk management and assurance model to facilitate effective risk governance. The Three Lines of Defence model reflects the Board's position that risk is everyone's responsibility, and all employees are responsible for identifying and managing risk and operating within the Credit Union's appetite for risk. This approach requires each business line and business unit to manage the outcome of its risk-taking activities and allows it to benefit from the resulting risk adjusted returns.

Internal Audit

Internal Audit is an independent and objective review function with the responsibility of evaluating, testing and reporting on the adequacy and effectiveness of Management's control of operational risk and compliance with regulatory and legislative requirements. Internal Audit reports directly to the Board Audit Committee and has access to all areas within Police Credit Union. Audits are planned and conducted following a risk-based approach with reports provided to the Board Audit Committee and Management.

Strategic Planning and Development

The Board and Executive Management Team undertake a comprehensive review of the Credit Union's strategic direction on an annual basis, including the development of a Balanced Scorecard and key performance indicators and ensure that the Credit Union's strategic direction is in accordance with the Board's risk appetite.

The Board receives regular updates from the CEO on strategic planning progress, emerging issues, and other strategic matters at monthly Board Meetings.

Ethical Standards

The Directors acknowledge the need for, and continued maintenance of, the highest standards of ethical conduct by all Directors and employees of the Police Credit Union Group.

A Code of Ethics handbook, which is part of Board policy, contains a comprehensive overview of expected values, behaviours and conduct, and is issued to all staff as part of induction and as part of the annual ongoing training calendar.

The Code of Ethics policy statement provides a framework to guide interactions within the Group, with Members, suppliers, stakeholders, and the community.

CORPORATE GOVERNANCE STATEMENT

Our commitment to maintaining a positive and ethical culture is directly aligned with our core values of superior service, honesty, integrity, and financial prudence. These core values, as well as our strategic direction, have been incorporated into the Code of Ethics that has been endorsed by the Executive Management Committee and adopted by the Board.

The Code of Ethics is a policy statement of the Group's corporate values and philosophy and underpins business decisions, actions, conduct and behaviour. It aims to make sure that the high standards of corporate and individual behaviour are observed in conducting the business and provides support for those behaviours.

The Code of Ethics policy statement provides guidelines for Directors, Senior Management and Employees, so that there is a common understanding of the values and expected standards of behaviour, including the following:

- At all times act with honesty, integrity and impartiality and do not knowingly mislead anyone, including Colleagues, Clients, Members and Regulators
- Comply with the letter and spirit of all Commonwealth, State and Territory laws, and relevant industry Codes
- Report all corrupt, illegal and unethical conduct to an Executive Manager, CEO or, where necessary to the Protected Disclosure Officer in accordance with POL 3005.16 Whistleblower Policy
- Protect the confidentiality of information made available to you, subject to any legal obligations such as disclosure
- Be alert to conflicts of interest and take appropriate steps to declare and deal with them
- Provide a high standard of service to all you deal with in performing your duties and obligations
- Maintain a level of fitness and propriety and develop the necessary level of professional skills and current knowledge to excel in your duties
- Do not harass or abuse a member of the public or employees either inside or outside of the workplace
- Do not take, or seek to take, improper advantage of your position in order to obtain a benefit for yourself or another person
- Seek innovative solutions to problems or challenges and work to achieve continuous improvement to help Police Credit Union meet or exceed all relevant legal, industry, safety, environment and other community expectations.

Conflict of Interest

In accordance with APRA Prudential Standards, ASIC licensee requirements, the Corporations Act 2001 and the Credit Union's Constitution, Directors and Senior Management keep the Board advised of any interest that could potentially conflict with those of the company.

Directors do not vote on any issue where a conflict of interest may arise, and can seek external professional advice, at the Group's expense, with the approval of the Board. Prior to the commencement of each Board meeting, Directors are asked to consider an independence declaration, attesting that they are free from any conflict of interest.

Directors, Management and Staff are required to provide written disclosure of actual or potential conflicts of interest on appointment and to update the disclosures annually. In addition, all Directors, Managers and staff are required to disclose any actual or potential conflicts of interest as soon as they become aware of such a conflict.

Whistleblowing

As part of its commitment to a high standard of integrity, ethical conduct and transparency in all of its activities and interactions, Police Credit Union has implemented an effective Whistleblowing Policy that supports these principles, whilst adhering to its obligations as a regulated entity under the Corporations Act 2001 and the whistleblower provisions thereunder.

This policy establishes a mechanism whereby Police Credit Union's officers and employees, suppliers, associates, and relatives or dependents of these individuals can safely raise concerns and challenge any misconduct and improper practices, including the ability to do so anonymously.

To ensure the integrity and anonymity of the raising of any concerns, the Credit Union has appointed independent, and suitably qualified individuals as Whistleblower Protection Officers. All employees are trained in Police Credit Union's Whistleblowing Policy, which can be found on our website.

Communications to Members (Shareholders)

The Board aims to ensure that the shareholders (Members) are informed of all major developments arising out of the business of the Police Credit Union Group. Information is communicated to shareholders (Members) in the following manner:

- An Annual Report is sent to all recipient registered shareholders (Members) which includes relevant information about the operations of the Police Credit Union Group during the year
- Changes in the state of affairs of the Group and other disclosures required by the Corporations Act 2001
- The Chairman's and CEO's address to the Annual General Meeting and a review of trading results for the 12 months to 30 June
- Notices of all meetings of shareholders
- A newsletter is made available to all shareholders on an annual basis
- Regular updates in the 'News & Media' section of the Police Credit Union website
- Communication and interaction via Police Credit Union's social media channels.

A copy of the current Annual Report and Constitution and information on the Credit Union's products and services are made available on the Police Credit Union Group's website at www.policecu.com.au.



 **POLICE
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FINANCIAL STATEMENTS

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Statements of Comprehensive Income

for the financial year ended 30 June 2025

	Note	Consolidated		Credit Union	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Interest income	6	78,701	69,860	89,810	81,874
Interest expense	6	(43,355)	(38,163)	(57,805)	(53,444)
Net interest income	6	35,346	31,697	32,005	28,430
Fee and commission income	7	4,323	4,237	4,552	4,482
Other operating income	8	881	637	3,765	3,406
Net impairment charge on loans and advances	16	(356)	(235)	(356)	(235)
Operating expenses	9	(29,289)	(27,643)	(29,061)	(27,390)
Profit before tax		10,905	8,693	10,905	8,693
Income tax expense	11(a)	(3,328)	(2,570)	(3,328)	(2,570)
Profit for the year from continuing operations		7,577	6,123	7,577	6,123
Other comprehensive income, net of income tax					
<i>Items that will not subsequently be reclassified to profit and loss:</i>					
Loss on valuation of freehold land and buildings	20	-	(277)	-	(277)
Gain from change in fair value of equity investments	20	1,704	58	1,704	58
<i>Items that may subsequently be reclassified to profit and loss:</i>					
Effective portion of change in fair value of cash flow hedges	20	(416)	(757)	(416)	(757)
Changes in the fair value of investments in debt securities at fair value through other comprehensive income (FVOCI)	20	242	-	242	-
Total Comprehensive Income for the Year		9,107	5,147	9,107	5,147

Notes to the Financial Statements are included on pages 39 to 64.

Statements of Financial Position

as at 30 June 2025

	Note	Consolidated		Credit Union	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Assets					
Cash and bank balances	12	45,320	48,527	33,205	32,454
Receivables other	13	2,245	1,222	2,245	1,222
Investment instruments	14	206,124	167,248	206,124	167,248
Loans and advances	15,16	1,178,575	1,114,641	1,178,575	1,114,641
Investment securities	22(g)	2,670	2,461	226,682	260,693
Property, plant and equipment	17	15,825	15,647	15,825	15,647
Intangible assets		1,120	987	1,120	987
Derivative assets	22(d)	66	764	66	764
Current tax assets	11(b)	-	351	-	351
Deferred tax assets	11(c)	788	791	788	791
Total Assets		1,452,733	1,352,639	1,664,630	1,594,798
Liabilities					
Deposits	18	1,312,311	1,224,212	1,312,311	1,224,212
Borrowings	15	-	-	211,897	242,159
Payables other	19	8,921	7,217	8,921	7,217
Current tax liabilities	11(b)	1,145	-	1,145	-
Provisions	19	4,114	4,075	4,114	4,075
Total Liabilities		1,326,491	1,235,504	1,538,388	1,477,663
Net Assets		126,242	117,135	126,242	117,135
Equity					
Reserves	20	9,522	9,114	9,522	9,114
Retained earnings		116,720	108,021	116,720	108,021
Total Equity		126,242	117,135	126,242	117,135

Notes to the Financial Statements are included on pages 39 to 64.

Statements of Changes in Equity

for the financial year ended 30 June 2025

	Reserves	Retained Earnings	Total
Consolidated	\$'000	\$'000	\$'000
Balance at 30 June 2023	21,888	90,100	111,988
Profit for the year	-	6,123	6,123
Other comprehensive loss for the year	(976)	-	(976)
Total comprehensive (loss)/income for the year	(976)	6,123	5,147
Transfers to/(from) retained earnings	(11,798)	11,798	-
Balance at 30 June 2024	9,114	108,021	117,135
Profit for the year	-	7,577	7,577
Other comprehensive income for the year	1,530	-	1,530
Total comprehensive income for the year	1,530	7,577	9,107
Transfers to/(from) retained earnings	(1,122)	1,122	-
Balance at 30 June 2025	9,522	116,720	126,242

	Reserves	Retained Earnings	Total
Credit Union	\$'000	\$'000	\$'000
Balance at 30 June 2023	21,888	90,100	111,988
Profit for the year	-	6,123	6,123
Other comprehensive loss for the year	(976)	-	(976)
Total comprehensive (loss)/income for the year	(976)	6,123	5,147
Transfers to/(from) retained earnings	(11,798)	11,798	-
Balance at 30 June 2024	9,114	108,021	117,135
Profit for the year	-	7,577	7,577
Other comprehensive income for the year	1,530	-	1,530
Total comprehensive income for the year	1,530	7,577	9,107
Transfers to/(from) retained earnings	(1,122)	1,122	-
Balance at 30 June 2025	9,522	116,720	126,242

Statements of Cash Flows

for the financial year ended 30 June 2025

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Profit before tax	10,905	8,693	10,905	8,693
Adjustment for non-cash items:				
Allowance for credit impairment	314	274	314	274
Depreciation and amortisation charges	1,806	1,872	1,806	1,872
Gain on sale of plant and equipment	(41)	(132)	(41)	(132)
Interest on lease liabilities	79	79	79	79
Amortisation of loan fee income	15	98	15	98
Changes in operating assets and liabilities:				
Loans and advances	(64,262)	(59,000)	(64,262)	(59,000)
Investment instruments with maturity greater than three months	(47,584)	9,376	(47,584)	9,376
Deposits	88,099	71,376	88,099	71,376
Payables and other liabilities	2,359	546	2,359	546
Provisions	39	(13)	39	(13)
Receivables and other assets	(920)	2,052	(920)	2,052
Income tax paid	(2,486)	(1,255)	(2,486)	(1,255)
Net cash from/(used in) operating activities	(11,677)	33,966	(11,677)	33,966
Investing activities				
Purchase of property, plant and equipment and intangibles	(2,124)	(3,947)	(2,124)	(3,947)
Proceeds from sale of property, plant and equipment	49	106	49	106
Proceeds from sale of Cuscal shares	2,225	-	2,225	-
Net cash from/(used in) investing activities	150	(3,841)	150	(3,841)
Financing activities				
Payables due to other financial institutions	-	(19,029)	-	(19,029)
Borrowings	-	-	3,958	10,392
Lease liability payments	(734)	(704)	(734)	(704)
Net cash from/(used in) financing activities	(734)	(19,733)	3,224	(9,341)
Net increase/(decrease) in cash held	(12,261)	10,390	(8,303)	20,784
Cash at the beginning of the financial year	57,581	47,191	41,508	20,724
Cash and cash equivalents at the end of the year	45,320	57,581	33,205	41,508
Cash and cash equivalents comprise:				
Cash and balances with banks	45,320	48,527	33,205	32,454
Investment instruments	206,124	167,248	206,124	167,248
Less: amounts with maturity greater than three months	(206,124)	(158,194)	(206,124)	(158,194)
	45,320	57,581	33,205	41,508

Notes to the Financial Statements are included on pages 39 to 64.

Consolidated Entity Disclosure Statement

as at 30 June 2025

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

For the year ended 30 June 2025

Entity Name	Body corporate, partnership or trust	Place incorporated/formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Police Credit Union Ltd	Body corporate	Australia	N/A	Australian	N/A
PCU Services Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Ian Berry Insurance Services Pty Ltd	Body corporate	Australia	100%	Australian	N/A
MTG PCU Trust Repo Series No. 1	Trust	Australia	100%	Australian	N/A

Basis of preparation

Key assumptions and judgements

Determination of Tax Residency Section 295 (3A) of the Corporation Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997.

In determining that all entities have Australian tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regards to the Commissioner or Taxation public guidance in Tax Ruling TR 2018/5.

All entities within the disclosure statement have been incorporated (where applicable) in Australia, operate their business within Australia, and have their central management and control within Australia.



Notes to the Financial Statements

for the financial year ended 30 June 2025

1. General information

Police Credit Union Limited (the "Credit Union" or the "Company") is a public company, incorporated and operating in Australia. Its registered office and its principal place of business is as follows:

17 – 23 Carrington Street
Adelaide SA 5000
Tel: 1300 131 844

2. Summary of accounting policies

Statement of compliance

These financial statements are general purpose financial statements and have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law. The financial statements include the separate financial statements of the Company and the consolidated financial statements of the Credit Union and its subsidiaries ("the Group"). For the purpose of preparing the consolidated financial statements, the Credit Union is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 24 September 2025.

Basis of preparation

The financial statements have been prepared based on historical cost, except for Freehold Land & Buildings, investment in equity instruments, investment securities held at fair value through other comprehensive income (FVOCI) and derivative financial instruments, which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars representing the Group's functional currency, unless otherwise noted.

ASIC Corporations (Parent Entity Financial Statements) Instrument 2021/195 commencing 11 May 2021 has been adopted allowing the financial statements of Police Credit Union Limited (PCU) to be included in these financial statements in full under Chapter 2M of the Corporations Act 2001 rather than only presenting summary parent entity information otherwise required by regulation.

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 commencing 1 April 2016, and in accordance with that Corporations Instrument, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) relevant to its operations and effective for the current annual reporting period.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Refer to Note 4 for details of critical judgements made in applying the Group's Accounting Policies, and key sources of estimation uncertainty.

3. Material accounting policies

The material accounting policies summarised below and those presented in the subsequent notes have been adopted in the preparation and presentation of the financial statements and are consistent with the prior year.

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Credit Union and entities controlled by the Credit Union (its subsidiaries) (referred to as "the Group" in these financial statements). Control is achieved when the Credit Union, has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Notes to the Financial Statements

for the financial year ended 30 June 2025

The Credit Union operates a securitisation vehicle (MTG PCU Trust Repo Series No. 1) under its self-securitisation program. The Credit Union has concluded that it controls the securitisation vehicle.

The financial results of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. No subsidiaries have been acquired or disposed of during the year.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. The Group has not lost control over a subsidiary during the year.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

b) Financial assets

The Group initially recognises loans and advances, on the date on which they are originated. All other financial instruments are recognised on a trade date, which is the date on which the Group becomes a party to the contractual provisions of the instruments. A financial asset is measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. In accordance with AASB 9 Financial Instruments, financial assets are classified into one of the three specified measurement categories:

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

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold asset to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

The Group's investment instruments acquired prior to 1 July 2024, loans and advances to members, other receivables and the Credit Union's investment in notes issued by the self-securitisation trust are measured at amortised cost. Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Financial assets measured at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

Gains or losses arising from changes in the fair value of financial instruments measured at fair value through other comprehensive income are recognised in a separate component of equity.

The Group's investment in Cuscal Limited, an equity instrument, is designated to be measured at FVOCI. The FVOCI designation was made because the investment is expected to be held for long-term strategic purposes, rather than for trading. The investment is measured at fair value. Fair value is determined in the manner described in Note 22(f). All fair value changes are recognised in the investment revaluation reserve and are never reclassified to profit or loss, even on disposal. Dividends are recognised in profit or loss. In November 2024, immediately prior to Cuscal Limited's initial public offering (IPO), the Credit Union sold half of its investment back to Cuscal Limited. Following completion of the IPO the Credit Union's remaining investment in Cuscal Limited has been recorded at fair value using the Australian Stock Exchange share price.

The Group's investment instruments acquired on or after 1 July 2024 have been measured at fair value through other comprehensive income.

All other financial assets that do not fall in the above categories are classified as measured at FVTPL.

Investments in subsidiaries

Investments in subsidiaries continue to be measured at cost after initial recognition by the Company.

Notes to the Financial Statements

for the financial year ended 30 June 2025

c) Financial liabilities

Financial liabilities, including deposits, are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost and interest is recognised over the period of the borrowing using the effective interest yield.

Member shares

Each member holds one redeemable preference share that entitles the member to vote at meetings of Members. No dividends are payable in respect of any member share. On a winding-up of the Credit Union each member is entitled to participate in any surplus equally and without regard to the number of member shares held by each member. When a person ceases to be a member, the share is repurchased by the Credit Union by a charge to the Capital Redemption Reserve. In accordance with the substance of the contractual arrangement, the redeemable shares are classified as liabilities.

d) Hedge accounting

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated based on an agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of a change in the Bank Bill Swap Rate (BBSW) component of interest rates on deposits and its impact on the interest cash flows.

The interest rate swaps are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. All the interest rate swaps are designated as hedging instruments in cash flow hedge relationships of highly probable forecast transactions.

e) Leases

As a lessee, the Group leases branch premises. The Group recognises right-of-use assets and lease liabilities for leases of branches on-balance sheet.

The Group has not entered into any new leases during the year ended 30 June 2025.

Lease liabilities are measured at the present value of the remaining lease payment discounted at the Group's incremental borrowing rate on the date of recognition.

Right-of-use assets are measured at an amount equal to the lease liability (adjusted for the prepaid or accrued lease payments).

As a lessee, at inception of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) recoverable from the taxation authority. Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis.

g) Securitisation

The Credit Union has established a securitisation trust, the MTG PCU Trust Repo Series No. 1 ("MTG PCU Trust" or "Trust"), for the purpose of issuing notes that are eligible for borrowing funds via Repurchase Agreements with the Reserve Bank of Australia (RBA) for emergency liquidity. The Credit Union has sold an equitable interest in mortgages to the MTG PCU Trust and holds all notes issued by the MTG PCU Trust Repo Series No. 1, manages the loans, and retains all residual benefits and credit risk of the loan portfolio.

As there has not been a transfer of all risks and rewards of these loans to the MTG PCU Trust, such loans are not derecognised in the Credit Union's financial statements. Sale consideration is treated as a borrowing. The Group presents a set of financial statements representing the financial performance and financial position of the parent and the securitisation trust that meets the definition of the controlled entity. Details of the balances of securitisation trust are disclosed in Notes 15 and 22(g).

h) Standards issued but not yet effective

Several new standards and amendments to standards are effective for annual periods beginning after 1 July 2025 and earlier application is permitted; however, the Group has not early adopted the new and amended standards in preparing these consolidated financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2025

4. Critical accounting judgements and key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes

Investment Securities and Freehold Land and Buildings are measured at fair value for financial reporting purposes. The impact of market movements on the carrying amount of these assets is considered, and where a material difference is likely, a formal valuation is undertaken. Market observable data is used, to the extent it is available, or independent valuers who use appropriate valuation techniques and unobservable inputs to arrive at fair value are engaged.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Notes 17 and 22(g).

Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of property, plant, equipment and intangible assets prior to the end of each annual reporting period. During the financial year, there was no significant change in the useful lives compared to the prior years.

Credit impairment losses on loans and advances

Non-performing loans

Estimates of loss given default are determined based on the Group's actual losses or industry loss experience. For loans that have experienced a significant increase in credit risk, management makes a specific estimate of the cash flows from the future recovery of the collateral and the timing thereof. These estimates are based on historical loss experience and judgement relating to the specific circumstances and current conditions.

Management have also considered the impact of future economic conditions by applying a range of possible outcomes that could impact on the recovery rates on collateral in downturn or upturn conditions.

5. Changes in material accounting policies

Material accounting policy information

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2025.

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
6. Net interest income				
Interest income				
Investment instruments	11,444	10,312	10,636	9,409
Loans and advances	67,257	59,548	67,257	59,548
Notes receivable – MTG PCU Trust	-	-	11,917	12,917
	78,701	69,860	89,810	81,874
Interest expense				
Deposits	43,247	38,048	43,247	38,048
Payables due to other financial institutions	108	115	108	115
Payable to MTG PCU Trust	-	-	14,450	15,281
	43,355	38,163	57,805	53,444
Net interest income	35,346	31,697	32,005	28,430

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Material fees received on origination of loans are treated as interest income using a method that approximates the effective interest method based on the life of the loan portfolio. The life of the loan portfolio is determined based on the immediate past experience within the portfolio. Other transaction related fees are recognised at the point of rendering the service and included in fee and commission income.

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Fee income	1,651	1,736	1,880	1,981
Insurance commissions	2,084	1,900	2,084	1,900
Other commissions	588	601	588	601
	4,323	4,237	4,552	4,482

7. Fee and commission income

Fee and commission income is measured based on the consideration specified in contracts with members and customers, net of applicable GST. Revenue is recognised when control over a service is transferred to a customer. The Group has used a combination of new business volumes and references to differential commissions to determine the portion of commission that relate to new and renewing business.

The nature and timing of satisfaction of performance obligations including significant payment terms and revenue recognition policies are provided in the table below.

Service	Nature and timing of satisfaction of performance obligations including significant payment terms	Revenue Recognition under AASB 15
Transactional Banking Fees	Fee income comprises fixed transaction-based fees that are specified based on the nature and cost of the transaction. The obligation to pay the fee arises at the time of the service, when the transaction takes place, and these are billed to Members' accounts monthly.	Revenue relating to transaction fees is recognised at a point in time when the transaction takes place.
Insurance Commissions	Commission is earned as a percentage of premiums for motor and household insurance policies arranged by the Group. The service obligations encompass all administration from inception, for the term of the policy, including renewal. The commissions are paid monthly provided the premiums have been received by the insurer.	An apportionment of commission is made to recognise that applying to the administration related component over time. The remaining component of commission, that relates to the underwriting of the policy at inception is recognised for a period of up to three years for which the Group is expected to receive commission.
Other Commissions	Commission is earned on transactions on Visa cards issued by the Group to its members.	Revenue relating to other commission is recognised at a point in time when the transaction takes place.

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Dividend income	169	134	169	134
Property rental income	41	40	41	40
Cost recoveries, contributions and loan/guarantee fees	671	463	671	463
Distribution from MTG PCU Trust	-	-	2,884	2,769
	881	637	3,765	3,406

8. Other operating income

Dividend income is recognised on the date of entitlement to the dividend. Rental income is recognised on a straight-line basis over the lease period.

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
9. Operating expenses				
Affiliation fees	248	225	248	225
Board committee and meetings	883	888	883	888
Commissions paid	232	323	232	323
Data processing & telecommunications	2,052	1,949	2,052	1,949
Debt collection costs	109	41	109	41
Depreciation & amortisation	1,806	1,872	1,806	1,872
Insurance	444	428	444	428
Legal and professional fees	1,446	964	1,218	711
Gain on disposal of property, plant and equipment	(41)	(132)	(41)	(132)
Marketing, advertising and printing	2,639	2,351	2,639	2,351
Office administration	506	466	506	466
Office occupancy	708	639	708	639
Salaries and on-costs	15,008	14,584	15,008	14,584
Training, travel and accommodation	848	673	848	673
Transaction costs	2,401	2,372	2,401	2,372
	29,289	27,643	29,061	27,390

The amount recognised as an expense for defined contribution plans is \$1,668 thousand (2024: \$1,604 thousand). The expense item is included within salaries and on-costs and Board committee and meetings.

10. Remuneration of auditors

	\$	\$	\$	\$
Audit financial statements - Group	139,450	133,447	139,450	133,447
Other regulatory audit services - Group	46,020	44,042	46,020	44,042
Other non-audit services - Group	-	-	-	-
Audit financial statements - MTG PCU Trust	11,500	11,000	-	-
	196,970	188,489	185,470	177,489

The auditor of the Group and Credit Union is KPMG. The auditor of the MTG PCU Trust is Moore Australia.

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
11. Income tax				
(a) Income tax recognised in profit				
Current tax expense				
- in respect of the current year	3,386	2,677	3,386	2,677
- in relation to the current tax of prior year	103	(2)	103	(2)
Deferred tax expense				
- in respect of the current year	(161)	(105)	(161)	(105)
Total income tax expense	3,328	2,570	3,328	2,570
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit before tax	10,905	8,693	10,905	8,693
Income tax expense calculated at 30%	3,271	2,608	3,271	2,608
Permanent differences:				
Franked dividend received	(46)	(36)	(46)	(36)
	3,225	2,572	3,225	2,572
Under/(over) provision of tax in previous years	103	(2)	103	(2)
	3,328	2,570	3,328	2,570
(b) Current tax assets/(liabilities)				
Income tax (payable)/refundable	(1,145)	351	(1,145)	351
(c) Deferred tax assets				
Taxable and deductible temporary differences arise from the following:				
Depreciation on property, plant and equipment	236	257	236	257
Derivative assets	(10)	(188)	(10)	(188)
Employee entitlements	1,040	1,039	1,040	1,039
Gains on investments in equity instrument	(641)	(418)	(641)	(418)
Gains on investments in investment instruments	(104)	-	(104)	-
Impairment allowances on loans	565	471	565	471
Land and buildings	(961)	(969)	(961)	(969)
Other deferred deductibles	(159)	(137)	(159)	(137)
Payables	599	526	599	526
Provisions for decommissioning	107	99	107	99
Unearned fees	116	111	116	111
	788	791	788	791
(d) Movement in deferred tax asset				
Deferred tax credited to profit or loss	161	105	161	105
Deferred tax recognised in other comprehensive income	(148)	419	(148)	419
Deferred tax recognised in current year related to prior year	(16)	-	(16)	-
Increase/(decrease) in deferred tax asset	(3)	524	(3)	524
(e) Franking account				
Adjusted franking account balance as at the end of financial year	47,534	44,228	47,534	44,228

Notes to the Financial Statements

for the financial year ended 30 June 2025

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted, at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The Credit Union and all its wholly owned entities are part of a tax-consolidated group under Australian Taxation Law. The Credit Union is the head entity in the tax-consolidated group. The tax expense or income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Credit Union (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Credit Union and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

	Consolidated		Credit Union	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000

12. Cash and bank balances

Held at amortised cost:

Notes and coins	1,179	980	1,179	980
Bank balances	10,845	15,272	10,845	15,272
Bank balances – at call	33,296	32,275	21,181	16,202
	45,320	48,527	33,205	32,454

For the purposes of the Statement of Financial Position, cash and cash equivalents comprise cash on hand and cash in banks exclusive of bank overdrafts which are shown within borrowings under liabilities. For the purposes of the Statement of Cash Flows, cash and cash equivalents also includes investments in money market instruments with a maturity date within 90 days from acquisition and is net of bank overdrafts.

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- Member deposits and withdrawals from savings and investment accounts;
- Loan advances and repayments to Members and to other ADIs;
- Borrowings; and
- Payables due to other financial institutions.

13. Receivables other

Accrued income	22	171	22	171
Contract receivable	603	560	603	560
Prepayments	69	60	69	60
Settlement and clearing accounts	1,456	323	1,456	323
Trade receivables	95	108	95	108
	2,245	1,222	2,245	1,222

Notes to the Financial Statements

for the financial year ended 30 June 2025

The contract receivables relate to the acquisition component of insurance commission that is expected to be receivable over more than one financial year. The insurance contracts are for one year but may be cancelled at any time at the discretion of the policyholder or through non-payment, the expectation being that these will be renewed for up to three years.

	Consolidated		Credit Union	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000

14. Investment instruments

Held at amortised cost:

Other ADIs	76,270	160,249	76,270	160,249
Semi-government bonds	6,976	6,999	6,976	6,999
	83,246	167,248	83,246	167,248

At fair value through other comprehensive income:

Other ADIs	83,354	-	83,354	-
Semi-government bonds	39,524	-	39,524	-
	122,878	-	122,878	-

Investment instruments with other ADIs are floating rate notes issued by other Australian Prudential Regulatory Authority (APRA) regulated Authorised Deposit-taking Institutions.

Semi-government bonds are securities that are issued by state or local government authority with defined maturity and at a floating rate of interest.

Following a reassessment of the business model applicable to the Credit Union's liquidity investment portfolio, all liquidity investments purchased after 1 July 2024 have been recorded at fair value through other comprehensive income. It was determined that these investment securities are held to collect contractual cash flows and for sale.

Analysis by maturity:

1–3 months	-	9,054	-	9,054
3–12 months	-	37,133	-	37,133
1–5 years	206,124	121,061	206,124	121,061
	206,124	167,248	206,124	167,248

15. Loans and advances

Held at amortised cost:

Loans outstanding	1,180,844	1,116,581	1,180,844	1,116,581
Unearned fee income	(385)	(371)	(385)	(371)
Allowance for impairment (Note 16)	(1,884)	(1,569)	(1,884)	(1,569)
	1,178,575	1,114,641	1,178,575	1,114,641

Analysis of loans and advances (gross)

By purpose:

Residential loans	912,892	864,796	912,892	864,796
Personal loans	97,640	98,025	97,640	98,025
Credit card advances	3,890	4,208	3,890	4,208
Commercial loans	166,422	149,552	166,422	149,552
	1,180,844	1,116,581	1,180,844	1,116,581

By security:

Secured by mortgage	1,006,907	1,005,732	1,006,907	1,005,732
Secured other	168,115	100,610	168,115	100,610
Unsecured	5,822	10,239	5,822	10,239
	1,180,844	1,116,581	1,180,844	1,116,581

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
By maturity:				
Overdraft	13,333	18,586	13,333	18,586
0–3 months	29,718	31,267	29,718	31,267
3–12 months	69,521	63,522	69,521	63,522
1–5 years	143,535	159,212	143,535	159,212
Over 5 years	924,737	843,994	924,737	843,994
	1,180,844	1,116,581	1,180,844	1,116,581

Credit risk exposure and concentration of risk

The exposure to credit risk in relation to each class of recognised financial asset, is the carrying amount of the loan or advance. Within the portfolio, loans and advances totalling \$90.3 million (2024: \$109.5 million) are covered by Lenders Mortgage Insurance (LMI) that reduces the Group's exposure to credit risk. Loans secured by mortgages within South Australia comprise 83.1% (2024: 84.9%) of outstanding balances.

Concentration of loans and advances to groups of Members having similar characteristics are:

Police	311,103	311,242	311,103	311,242
Nurses	159,947	134,426	159,947	134,426
Others	709,794	670,913	709,794	670,913
	1,180,844	1,116,581	1,180,844	1,116,581

In addition to the on-balance sheet 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.

Loans approved not yet advanced	40,617	44,925	40,617	44,925
Undrawn credit limits and re-draw	108,864	108,385	108,864	108,385
	149,481	153,310	149,481	153,310

Financial Guarantees have been issued on behalf of Members totalling \$740 thousand (2024: \$889 thousand). These guarantees require the Credit Union to make payment to the holder thereof, should the member fail to make payment to the holder.

Securitised loans

The MTG PCU Trust has been established by the Credit Union as a mechanism to quickly obtain funds from Reserve Bank of Australia in order to support the liquidity. A maximum of 20% of the loans in the MTG PCU Trust at any time are fixed rate mortgages, and the loans have a maximum term of 40 years.

	2025 \$'000	2024 \$'000
Securitised loans	209,016	241,227
Unremitted collections and other receivables at the end of the year	2,881	932
Borrowings	211,897	242,159

Notes to the Financial Statements

for the financial year ended 30 June 2025

16. Allowance for impairment

Impairment losses on loans and advances

The expenses incurred in the Statements of Comprehensive Income relating to impairment losses on loans and advances are presented in the table below.

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Impairment loss recognised in the profit or loss:				
Recoveries on loans previously written off	12	46	12	46
Allowances for loan impairment - net movement	(315)	(274)	(315)	(274)
Loans written off during the year as uncollectible	(53)	(7)	(53)	(7)
Net impairment charge on loans and advances	(356)	(235)	(356)	(235)

The Group will write-off loans in full when there is no reasonable expectation of recovering the loan. This is generally the case where the collateral, if any, is considered worthless and the borrower does not have assets or sources of income that could generate cash flows to repay the amounts due.

The movement on allowances for loan impairment are derived from the application of an Expected Credit Loss (ECL) model that is applied under Australian Accounting Standard, AASB 9 Financial Instruments, described opposite.

Allowance for impairment on loans and advances

Outstanding and possible future credit exposures at year-end are summarised in the following table together with the relevant allowances for ECL.

Overdue status of loans and advances at 30 June 2025	Stage 1	Stage 2	Stage 3	Economic Overlay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Current	1,166,476	-	-	-	1,166,476
Overdue 0–30 days	9,140	-	1,431	-	10,571
Overdue 31–59 days	-	797	130	-	927
Overdue 60–89 days	-	-	-	-	-
Overdue more than 90 days, defaulted	-	-	2,870	-	2,870
Loans and advances outstanding	1,175,616	797	4,431	-	1,180,844
Undrawn facilities	46,798	-	-	-	46,798
Allowance for impairment	(770)	(47)	(670)	-	(1,487)
Economic overlay	-	-	-	(397)	(397)
Total allowance for impairment	(770)	(47)	(670)	(397)	(1,884)

Overdue status of loans and advances at 30 June 2024	Stage 1	Stage 2	Stage 3	Economic Overlay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Current	1,101,035	-	-	-	1,101,035
Overdue 0–30 days	7,676	668	313	-	8,657
Overdue 31–59 days	697	510	21	-	1,228
Overdue 60–89 days	-	823	140	-	963
Overdue more than 90 days, defaulted	-	2,609	2,089	-	4,698
Loans and advances outstanding	1,109,408	4,610	2,563	-	1,116,581
Undrawn facilities	46,348	-	-	-	46,348
Allowance for impairment	(646)	(3)	(598)	-	(1,247)
Economic overlay	-	-	-	(322)	(322)
Total allowance for impairment	(646)	(3)	(598)	(322)	(1,569)

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for the financial year ended 30 June 2025

Impact of movements in gross carrying amount on allowance for expected credit losses

The following explains how changes in the gross carrying amounts of financial assets during the year have contributed to the changes in the allowance for credit losses for the Group under ECL. Movement on loan balances that have experienced a Significant Increase in Credit Risk (SICR) (Stage 2 and credit impaired Stage 3) is presented in the table below:

	2025 Loan Balances \$'000	2024 Loan Balances \$'000
Balances at 1 July	7,173	3,844
Increase in credit risk and/or credit impaired	1,668	5,118
Repaid in full	(2,907)	(669)
Transferred to performing (Stage 1)	(607)	(986)
Written Off	(35)	-
Decrease in balances	(64)	(134)
Loan and advances in Stage 2 and 3 at 30 June	5,228	7,173

Loans in Stage 2 and 3 above are highly collateralised by mortgages and Lenders Mortgage Insurance (LMI).

	2025 Loan Balances \$'000	2024 Loan Balances \$'000
Mortgage secured	3,911	7,048
Mortgage secured with LMI	1,317	125
	5,228	7,173

During 2025 and 2024, no properties were taken in possession, no properties were held in possession, and none were sold. The contractual amount outstanding on financial assets that were written off during the year and for which the recovery action is ongoing, totals \$15 thousand (2024: zero).

Expected credit loss model

The ECL model applies to all financial assets measured at amortised cost, loan commitments and financial guarantees contracts not measured at FVTPL.

The Group's Credit Management Practices identify borrowers who are experiencing difficulty in meeting their loan repayment commitments at an early stage, either as a result of missed or erratic repayments or as a result of an application for restructuring. On identifying such loans or where such loans become more than 30 days past due these are regarded as having a SICR. The Group's credit portfolios are of a manageable size that allows for early credit management to be undertaken on an individual basis and, therefore, where a SICR has occurred the exposures are managed individually. The three-stage methodology is applied using the criteria below.

Stage	Criteria	Determination of allowance
Performing Loans Stage 1 12-month ECL	Loan repayments are current or less than 30 days past due.	On origination of financial assets, a collective allowance for ECL from defaults occurring over the next 12 months is recognised.
Performing Loans Stage 2 Lifetime ECL	Exposures that have experienced a Significant Increase in Credit Risk (SICR) since origination or loan repayments are more than 30 days past due.	Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer significant, the exposure is reclassified to Stage 1 and the allowance reverts to 12 months ECL.
Non-performing Loans Stage 3 Lifetime ECL	The Group has elected that default will occur on the earlier of when an obligor is made bankrupt, or loan repayments are 90 days past due. This position is taken to ensure consistency for Financial and Regulatory Reporting purposes.	Financial assets in default recognise an allowance equivalent to lifetime ECL. On default an assessment of the collateral in place and the time for realisation thereof is undertaken to assess impairment allowance required if any.

Other receivables which are measured at amortised cost and financial guarantees are considered to have low credit risk and, therefore, no allowance for impairment has been recognised.

Notes to the Financial Statements

for the financial year ended 30 June 2025

ECL measurement

The ECL is a probability weighted estimate calculated by evaluating a range of possible outcomes considering the time value of money, past events, current and future economic conditions. For each significant portfolio of financial assets ECL is calculated as a product of the following risk factors:

- Probability of default (PD) – the likelihood that a debtor will be unable to pay its obligations in full without having to take actions such as realising a security so that the debtor will become 90 days overdue on the obligation or contractual commitment.
- Exposure at default (EAD) – the Group generally calculates EAD as the higher of the drawn balance and total credit limit, except for the credit card portfolio, for which the EAD calculation also considers the probability of an unused limit being drawn down.
- Loss given default (LGD) – the amount that is not expected to be recovered following default.

Credit risk factors of PD and LGD used in the ECL calculation are point-in-time estimates based on current conditions and are adjusted to include the impact of multiple probability-weighted future forecast economic scenarios. The impact of future economic conditions is also factored into the recovery from collateral and is based on outcomes from economic upturns or downturns. The credit risk factors referred to above that have been applied are presented below.

	2025	2025	2024	2024
	Probability of Default (PD)	Loss Given Default (LGD)	Probability of Default (PD)	Loss Given Default (LGD)
Bank Deposits	0.00%	0%	0.00%	0%
Debt Securities (at amortised cost)	0.05%	45%	0.05%	45%
Residential Home Loans and undrawn loan commitments	0.40%	6%	0.40%	4%
Personal Loans and undrawn loan commitments	0.43%	81%	0.43%	81%
Business Banking Loans and undrawn loan commitments	0.91%	6%	0.97%	4%

Bank Deposits – there is no recent experience of any bank failure in Australia and thus no probability-based information readily available to the Group for determining its expected credit losses on these categories of financial instruments.

Debt Securities (at amortised cost) – the Group has adopted a Probability of Default (PD) and the Loss Given Default (LGD) for claims on banks at the minimum prescribed by the Basel Committee for bank exposures being 0.05% and 45%, respectively.

Residential Home Loans – all residential loans are mortgage secured and those with loan-to-valuation ratios over 80% have Lenders Mortgage Insurance. 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 Major Australian Banks.

Personal Loans – the Group has undertaken an extensive review of credit losses incurred over the period from 2015-2025 in order to determine PD and LGD and noted no significant change in losses in the current year.

Business Banking Loans – these loans are predominantly secured against Residential Mortgages with the quality of collateral consistent with that of the Group's Residential Home Loans. More conservative loan-to-valuation ratios are applied to compensate for the prospect of repayment and recovery being dependent primarily on the cash flows generated by the asset, rather than the livelihood and, therefore, income of borrowers.

The table below represents the movement during the year on ECL.

	Stage 1 Collective Allowance	Stage 2 Collective Allowance	Stage 3 Specific Allowance	Stage 3 Collective Allowance	Economic Overlay	Total
	\$'000	\$'000	\$'000		\$'000	\$'000
30 June 2023	623	2	345	48	277	1,295
Transfers to/(from)						
Stage 1	14	(1)	(13)	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
New Provisions	225	2	189	33	-	449
Write-back of provisions no longer required	-	-	(134)	(9)	-	(143)
Change in balance	(216)	-	139	1	-	(76)
Bad debts written off previously provided	-	-	(1)	-	-	(1)
Economic overlay	-	-	-	-	45	45
30 June 2024	646	3	525	73	322	1,569

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Stage 1 Collective Allowance	Stage 2 Collective Allowance	Stage 3 Specific Allowance	Stage 3 Collective Allowance	Economic Overlay	Total
	\$'000	\$'000	\$'000		\$'000	\$'000
30 June 2024	646	3	525	73	322	1,569
Transfers to/(from)						
Stage 1	159	-	(158)	(1)	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	(1)	1	-	-	-
New Provisions	247	27	164	68	-	506
Write-back of provisions no longer required	-	(2)	(40)	-	-	(42)
Change in balance	(282)	20	32	35	-	(195)
Bad debts written off previously provided	-	-	(29)	-	-	(29)
Economic overlay	-	-	-	-	75	75
30 June 2025	770	47	495	175	397	1,884

Economic overlay

An economic overlay has been recognised for credit losses that could possibly arise from uncertainty in general economic conditions such as interest rates, unemployment and global economic conditions.

17. Property, plant and equipment

	Consolidated and Credit Union			Total
	Freehold land and buildings- fair value	Right of use land and buildings and leasehold improvements- cost	Plant and equipment-cost	
	\$'000	\$'000	\$'000	
Cost/fair value	11,150	7,703	4,648	23,501
Accumulated depreciation	-	(4,513)	(3,341)	(7,854)
Balance at 30 June 2024	11,150	3,190	1,307	15,647
Cost/fair value	11,348	8,269	5,118	24,735
Accumulated depreciation	(300)	(5,090)	(3,520)	(8,910)
Balance at 30 June 2025	11,048	3,179	1,598	15,825

Freehold land and buildings

Freehold land and buildings held for supply of services, and administrative purposes, are stated in the consolidated Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of freehold land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount on the revaluation of freehold land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve.

Notes to the Financial Statements

for the financial year ended 30 June 2025

Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the commencement of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to leased properties.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Other plant, equipment and leasehold improvements

Other plant, equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Valuation of freehold land and buildings

Michael Schwarz, Certified Practising Valuer of M3 Property Strategists performed an independent valuation of the Group's freehold land and buildings on 30 June 2024 to determine its fair value at 30 June 2024 at \$11.15 million. The valuation adopted a capitalisation of net income approach. Had the Group's freehold land and buildings been measured on a historical cost basis, their carrying amount would have been \$4.170 million (2024: \$3.972 million).

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation on revalued buildings is recognised in profit or loss. On sale or retirement of a revalued property, the surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Depreciation is calculated on a straight-line basis so as to write off the net cost or revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated using the straight-line method over the shorter of, the lease period or its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation and were applied consistently over the current and prior years:

- Buildings 40 years
- Leasehold improvements 5–10 years
- Plant and equipment 2–10 years.

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000

18. Deposits

Measured at amortised cost:

Members' deposits	1,311,899	1,223,805	1,311,899	1,223,805
Redeemable preference shares	412	407	412	407
	1,312,311	1,224,212	1,312,311	1,224,212
Concentration of deposits				
Police	264,843	236,560	264,843	236,560
Nurses	123,074	107,223	123,074	107,223
Others	924,394	880,429	924,394	880,429
	1,312,311	1,224,212	1,312,311	1,224,212

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 deposit balances. Deposits within South Australia comprise 88.9% (2024: 87.6%) of all deposits.

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
19. Payables other and provisions				
Measured at amortised cost:				
Trade payables and accruals	3,187	2,608	3,187	2,608
Lease liabilities	2,340	2,964	2,340	2,964
Settlement and clearing accounts	3,394	1,645	3,394	1,645
Total Payables other	8,921	7,217	8,921	7,217
Employee entitlements	3,466	3,456	3,466	3,456
Decommissioning commitments	357	331	357	331
Compliance and regulation	56	60	56	60
Provision for loss on off balance sheet exposures	235	228	235	228
Total Provisions	4,114	4,075	4,114	4,075

Trade payables and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables generally have credit terms of up to 30 days.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise only fixed lease payments.

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

Provisions are recognised when the Group has a present obligation, where the prepayment to settle the obligation is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled wholly within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Contributions to superannuation plans are expensed when incurred.

The provision for decommissioning commitments makes allowance for the estimated costs anticipated to remove plant and equipment from leasehold property occupied by the Group. These obligations will occur at the time of vacating the premises and/or termination of the lease.

Transactions are classified as contingent liabilities where the Group's obligations depend on uncertain future events and principally consist of obligations to third parties.

Items are classified as commitments where the Group has irrevocably committed itself to future transactions. These transactions will either result in the recognition of an asset or liability in future periods.

Compliance and regulation provisions relate to project and consulting costs in respect of the Credit Union's ongoing compliance programs and regulatory changes that are underway.

Off-balance sheet exposure provisions comprise an allowance for exposures under guarantees issued by the Credit Union on behalf of customers and an estimate of expected losses incurred but not reported arising from disputed transactions on customer accounts and related claims.

20. Reserves

The nature and purpose of each reserve within equity is described below. Movements on reserves are presented in the table on the following page.

a) Capital Redemption Reserve

The Capital Redemption Reserve is used to redeem redeemable preference shares out of profit upon a member ceasing membership with the Credit Union. The current year movement represents an amount transferred from Retained Earnings equal to redemptions made in the financial year.

b) General Reserve

The General Reserve was used from time to time to transfer profits from Retained Earnings and to recognise the gains or losses that may arise on mergers with other mutual entities and from changes in ownership interests in subsidiaries that do not result in loss of control. As there is no ongoing purpose or requirement for this reserve it has been transferred to retained earnings at 30 June 2024.

c) Reserve for Credit Losses

The Reserve for Credit Losses, being an appropriation of Retained Earnings, was initially established to ensure the Credit Union's compliance with APS 220 Credit Quality, an APRA Prudential Standard requiring a reserve to be held for estimate future credit losses that are expected to arise over the lifetime of the Credit Union loans. While this requirement was removed from 1 January 2022, the Credit Union has prudently maintained this reserve.

d) Revaluation Reserve

Gains arising on revaluation of assets to their fair value net of related income tax are held in this reserve until disposal of the asset, whereby the accumulated gain is transferred to Retained Earnings.

e) Cash Flow Hedge Reserve

This reserve represents cumulative hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit and loss consistent with the applicable accounting policy.

At the inception of the hedge the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions is documented. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the Statement of Comprehensive Income as the recognised hedged item. Hedge accounting is discontinued when the hedging relationship is revoked, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

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for the financial year ended 30 June 2025

	Capital Redemption Reserve	General Reserve	Reserve for Credit Losses	Revaluation Reserve	Cash Flow Hedge Reserve	Total Reserves
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
Balance at 30 June 2023	655	11,748	1,550	6,739	1,196	21,888
Transfer from/(to) retained earnings	30	(11,748)	(80)	-	-	(11,798)
Loss arising from property revaluation	-	-	-	(396)	-	(396)
Deferred tax arising on property revaluation	-	-	-	119	-	119
Gain arising from revaluation of Cuscal Ltd shares	-	-	-	83	-	83
Income tax relating to revaluation of Cuscal Ltd shares	-	-	-	(25)	-	(25)
Loss arising from changes in fair value of interest rate swaps	-	-	-	-	(1,082)	(1,082)
Deferred tax asset arising on interest rate swaps	-	-	-	-	325	325
Balance at 30 June 2024	685	-	1,470	6,520	439	9,114
Transfer from/(to) retained earnings	28	-	34	(1,184)	-	(1,122)
Gain arising from revaluation of Cuscal Ltd shares	-	-	-	2,434	-	2,434
Income tax relating to revaluation of Cuscal Ltd shares	-	-	-	(730)	-	(730)
Loss arising from changes in fair value of interest rate swaps	-	-	-	-	(594)	(594)
Deferred tax asset arising on interest rate swaps	-	-	-	-	178	178
Gain arising from revaluation of investments through FVOCI	-	-	-	346	-	346
Deferred tax arising on revaluation of investment instruments	-	-	-	(104)	-	(104)
Balance at 30 June 2025	713	-	1,504	7,282	23	9,522
Credit Union						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2023	655	11,748	1,550	6,739	1,196	21,888
Transfer from/(to) retained earnings	30	(11,748)	(80)	-	-	(11,798)
Loss arising from property revaluation	-	-	-	(396)	-	(396)
Deferred tax arising on property revaluation	-	-	-	119	-	119
Gain arising from revaluation of Cuscal Ltd shares	-	-	-	83	-	83
Income tax relating to revaluation of Cuscal Ltd shares	-	-	-	(25)	-	(25)
Loss arising from changes in fair value of interest rate swaps	-	-	-	-	(1,082)	(1,082)
Deferred tax asset arising on interest rate swaps	-	-	-	-	325	325
Balance at 30 June 2024	685	-	1,470	6,520	439	9,114
Transfer from/(to) retained earnings	28	-	34	(1,184)	-	(1,122)
Gain arising from revaluation of Cuscal Ltd shares	-	-	-	2,434	-	2,434
Income tax relating to revaluation of Cuscal Ltd shares	-	-	-	(730)	-	(730)
Loss arising from changes in fair value of interest rate swaps	-	-	-	-	(594)	(594)
Deferred tax asset arising on interest rate swaps	-	-	-	-	178	178
Gain arising from revaluation of investments through FVOCI	-	-	-	346	-	346
Deferred tax arising on revaluation of investment instruments	-	-	-	(104)	-	(104)
Balance at 30 June 2025	713	-	1,504	7,282	23	9,522

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21. Related party transactions

a) Parent Entity

Police Credit Union Ltd is the parent entity and ultimate holding company of the Police Credit Union Group of companies.

b) The Group

Details of the ownership interests in, and amounts owed to/by the Group are disclosed below:

	Ownership Interest		Entity Type	Tax Residency	Credit Union	
	2025 %	2024 %			2025 \$	2024 \$
Parent Entity						
Police Credit Union Ltd			Body corporate	Australia		
Controlled Entity						
PCU Services Pty Ltd	100	100	Body corporate	Australia	1	1
Ian Berry Insurance Services Pty Ltd	100	100	Body corporate	Australia	1	1
MTG PCU Trust Repo Series No. 1	100	100	Trust	Australia	20	20
					22	22

c) Key Management Personnel

Key Management Personnel have been defined as: Police Credit Union Ltd Board of nine Directors (2024: nine) and nine Executive Managers (2024: seven). Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner. All loans to key management personnel were subject to normal terms and conditions and there were no breaches of these terms and conditions during the year. All loans are in accordance with standard lending policies. No guarantees were given to or received from key management personnel during the period. No impairment losses have been recorded against loan balances outstanding during the period and no specific allowance was made for impairment of these loans.

	Consolidated	
	2025 \$	2024 \$
Key management personnel compensation		
Short-term employee benefits - including superannuation guarantee levy	3,472,643	3,016,570
Other long-term benefits - accruals for long service leave	91,445	80,851
	3,564,088	3,097,421

	Transaction Accounts \$	Investment Accounts \$	Loans Accounts \$
Transactions conducted on accounts of key management personnel 2025			
Balance at beginning of year*	(1,153,280)	(322,000)	6,675,946
Loans advanced	-	-	2,620,916
Deposits/repayments	(6,809,269)	(77,000)	(2,085,453)
Withdrawals	6,892,612	15,542	-
Interest paid	(28,559)	(15,542)	-
Interest charged	4,365	-	416,098
Net balance at end of year	(1,094,131)	(399,000)	7,627,507
Year end balances represented by:			
Deposit balances	(1,056,980)	(399,000)	-
Overdraft/loan balances	(37,151)	-	7,627,507
Net balance at end of year	(1,094,131)	(399,000)	7,627,507

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Transaction Accounts \$	Investment Accounts \$	Loans Accounts \$
Transactions conducted on accounts of key management personnel 2024			
Balance at beginning of year*	(1,148,417)	(320,000)	6,561,823
Loans advanced	-	-	1,643,330
Deposits/repayments	(7,262,746)	(2,000)	(1,134,325)
Withdrawals	7,244,598	14,610	-
Interest paid	(38,518)	(14,610)	-
Interest charged/(received)	4,562	-	374,904
Net balance at end of year	(1,200,521)	(322,000)	7,445,732
Year end balances represented by:			
Deposit balances	(1,242,232)	(322,000)	-
Overdraft/loan balances	41,711	-	7,445,732
Net balance at end of year	(1,200,521)	(322,000)	7,445,732

*The opening balances may not be consistent with the closing balances reported in the prior year due to changes in the composition of accounts over which Key Management Personnel have control or influence.

	2025 \$'000	2024 \$'000
Transactions within the wholly owned group:		
The equitable right to loans originated by the Credit Union were sold to the MTG PCU Trust during the year giving rise to the following intra-group transactions to which the Credit Union is a party:		
Sale of loans	15,116	73,736
Receipt of custodian and service fee	233	252
Receipt of partial note redemption	35,000	-
Payment of collections or loans	65,620	78,511
Payment for interest offset benefit	1,929	1,996
Receipt of note interest	11,917	12,917
Receipt of distributions from MTG PCU Trust	2,884	2,769

22. Financial instruments

a) Financial risk management objectives

The nature of banking results in an exposure to liquidity, credit and market risk. The Group controls these risks by establishing policies and limits within which business is conducted. To manage these risks, two committees have been established to ensure that the policies and limits are observed. The Asset and Liability Committee (ALCO) is primarily responsible for monitoring the Group's exposures to liquidity and market risk. Credit is advanced with specific or general approval of the Credit Risk Committee who ensures that credit is advanced to credit worthy members and, where appropriate, against security.

b) Credit risk

Loans and receivables disclosed in Notes 13, 14 and 15 are subject to the risk of default on borrower or counterparty non-performance. The Credit Risk Committee sets approval limits within which officers may approve loans and their terms, while the Board sets limits for exposures to ADIs and Australian government organisations. All loan advances are reported to the Credit Risk Committee and hindsight reviews are conducted to ensure that lending is conducted within defined approval limits. Allowances for credit losses are disclosed in Note 16.

Notes to the Financial Statements

for the financial year ended 30 June 2025

c) Market risk

Primarily the Credit Union faces interest rate risk. This risk arises from the differing repricing characteristics of banking assets and liabilities.

This risk and changes to the structural profile of banking assets and liabilities are monitored by ALCO. On a monthly basis, the net interest sensitive position is analysed using earnings and valuation-based techniques and reported to Key Management Personnel. In doing so, cognisance is taken of embedded optionality, such as loan prepayments and accounts where the behaviour differs from the contractual position. Interest rate risk limits are set in terms of both changes in forecast net interest income and economic value of equity. Strategies to mitigate interest rate risk are implemented through the use of interest rate swaps structured around the net gap position that is deemed unfavourable.

The repricing gaps for the Group's banking portfolios are shown on the following page. All assets, liabilities and derivative instruments are allocated in gap intervals based on their repricing characteristics. Assets and liabilities for which no specific contractual repricing or maturity dates exist are placed in gap intervals based on management's judgement and statistical analysis, as determined by the most likely repricing behaviour.

Forecasted net interest income, and thus net profit before tax, is susceptible to movements in market interest rates. Based on a 100 basis point parallel increase in the year-end yield curve, the Credit Union expects to gain approximately \$4.342 million (2024: \$2.882 million) of forecast interest margin without management intervention. The Credit Union's portfolio of loans and deposits are exposed to falling interest rates.

The repricing analysis below identifies the net interest sensitive position within the banking book.

Repricing gap	0–3 months	>3–6 months	>6 months– 1 year	>1–3 years	Over 3 years
	\$'000	\$'000	\$'000	\$'000	\$'000
2025					
Assets					
Cash and bank balances	44,140	-	-	-	-
Investment Instruments	206,124	-	-	-	-
Loans and advances	962,818	37,214	55,770	123,141	1,901
Total interest sensitive assets	1,213,082	37,214	55,770	123,141	1,901
Liabilities					
Deposits	737,905	192,747	225,197	145,731	11,634
Total interest sensitive liabilities	737,905	192,747	225,197	145,731	11,634
Net Assets	475,177	(155,533)	(169,427)	(22,590)	(9,733)
Interest rate swaps	13,500	(3,000)	-	(10,500)	-
Interest rate sensitivity gap: asset/(liability)	488,677	(158,533)	(169,427)	(33,090)	(9,733)
Cumulative interest rate sensitivity gap	488,677	330,144	160,717	127,630	117,897
% of assets	33.6%	22.7%	11.0%	8.8%	8.1%
2024					
Assets					
Cash and bank balances	47,415	-	-	-	-
Investment Instruments	165,707	-	-	-	-
Loans and advances	833,442	49,340	104,679	124,849	4,271
Total interest sensitive assets	1,046,564	49,340	104,679	124,849	4,271
Liabilities					
Deposits	654,964	201,509	244,026	106,920	4,185
Total interest sensitive liabilities	654,964	201,509	244,026	106,920	4,185
Net Assets	391,600	(152,169)	(139,347)	17,929	86
Interest rate swaps	31,500	(12,000)	(6,000)	(9,500)	(4,000)
Interest rate sensitivity gap: asset/(liability)	423,100	(164,169)	(145,347)	8,429	(3,914)
Cumulative interest rate sensitivity gap	423,100	258,931	113,584	122,013	118,099
% of assets	31.3%	19.1%	8.4%	9.0%	8.7%

Notes to the Financial Statements

for the financial year ended 30 June 2025

d) Interest rate swaps

The estimate of the undiscounted net cash flow arising from the swap portfolio at the prevailing interest rates is reflected in the table below.

Cash inflow/(outflow) on interest rate swaps	Less than 1 month \$'000	>1–3 months \$'000	>3 months–1 year \$'000	>1–3 years \$'000	Over 3 years \$'000	Total \$'000
2025	37	6	41	(18)	-	66
2024	154	24	358	248	6	790

The fair values, the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the reporting date are disclosed in the table below.

Consolidated and Credit Union	Weighted average fixed payment rate		Notional principal		Fair value	
	2025 %	2024 %	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Expiry date of contracts						
Less than 1 year	1.18%	1.81%	3,000	18,000	38	259
1 to 2 years	2.57%	1.18%	6,500	3,000	59	139
2 to 3 years	3.57%	2.57%	4,000	6,500	(31)	276
3 years and over	-	3.57%	-	4,000	-	90
Total			13,500	31,500	66	764

The fair value of derivatives (interest rate swaps) is calculated using a discounted cash flow model. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates are discounted at a rate that reflects the credit risk of various counterparties. Thus, the basis of determining fair value of derivatives (interest rate swaps) liabilities is classified as Level 2.

e) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient resources to meet its obligations as they fall due or will have to do so at excessive cost. This risk arises from the nature of the Group's business where it makes loans available for terms up to 40 years funded from deposits that are at-call or repayable over terms of up to five years. The management of liquidity is overseen by ALCO who have implemented processes and procedures ensuring that all foreseeable commitments, including deposit withdrawals, can be met when due.

These include:

- Management of both daily and forecasted cash flows;
- Maintaining a diversified and stable funding base comprising retail deposits;
- Ensuring exposures to large deposits are maintained within manageable limits and tenors and monitored to anticipate mismatches between anticipated inflows and outflows within different time periods;
- Maintaining a portfolio of cash at-call, negotiable certificates of deposit and debt securities issued by other ADIs and Australian government organisations over and above the prudential requirements. The Credit Union is a non-transactional member of the Reserve Bank Information Transfer System allowing it to access its certificates of deposits and debt securities immediately through repos with the Reserve Bank; and
- The Credit Union has established a self-securitisation program that allows it to access up to \$172 million (2024: \$200 million) from the RBA security during liquidity crisis.

The table below details the maturity amounts of the Group's financial liabilities presented on the earliest date on which the Group will be required to pay the amount due together with interest. Interest that will accrue from year-end until the maturity of the term deposit is reflected in the column headed "Future interest".

Notes to the Financial Statements

for the financial year ended 30 June 2025

Maturity analysis of non-derivative financial liabilities:

Cash flows payable in	Less than 1 month \$'000	1–3 months \$'000	>3 months– 1 year \$'000	>1–3 years \$'000	Over 3 years \$'000	Future interest \$'000	Total \$'000
Credit Union 2025							
Deposits	725,901	141,238	396,283	50,988	13,590	(15,689)	1,312,311
Borrowings	-	-	-	-	211,897	-	211,897
Lease liabilities	62	125	547	1,350	382	(126)	2,340
Payables (other)	6,581	-	-	-	-	-	6,581
Total Credit Union	732,544	141,363	396,830	52,338	225,869	(15,815)	1,533,129
Consolidated 2025							
Deposits	725,901	141,238	396,283	50,988	13,590	(15,689)	1,312,311
Lease liabilities	62	125	547	1,350	382	(126)	2,340
Payables (other)	6,581	-	-	-	-	-	6,581
Total Consolidated	732,544	141,363	396,830	52,338	13,972	(15,815)	1,321,232
Credit Union 2024							
Deposits	656,658	130,066	429,331	17,855	4,861	(14,559)	1,224,212
Borrowings	-	-	-	-	242,159	-	242,159
Lease liabilities	60	121	529	1,418	1,041	(205)	2,964
Payables (other)	4,253	-	-	-	-	-	4,253
Total Credit Union	660,971	130,187	429,860	19,273	248,061	(14,764)	1,473,588
Consolidated 2024							
Deposits	656,658	130,066	429,331	17,855	4,861	(14,559)	1,224,212
Lease liabilities	60	121	529	1,418	1,041	(205)	2,964
Payables (other)	4,253	-	-	-	-	-	4,253
Total Consolidated	660,971	130,187	429,860	19,273	5,902	(14,764)	1,231,429

Deposits include substantial member savings and investment accounts that are contractually at-call. Experience shows this funding provides a source of long-term funding for the Group that has been stable over time.

Notes to the Financial Statements

for the financial year ended 30 June 2025

f) Fair values of financial instruments

Financial assets: carried at fair value

Based on the extent that quoted prices are used in the calculation of fair value these assets are classified into a hierarchy using levels where fair value is defined as follows:

Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for identical instruments.
Level 2	Fair value is determined through valuation techniques based on observable inputs, either directly, such as prices, or indirectly, such as derived from prices. This category includes instruments valued using quoted active market prices for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3	Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial assets and liabilities: not carried at fair value

Financial assets and liabilities that are not carried at fair value are presented in the following table. The categories not at fair value are:

- Loans and advances, carried at amortised cost, net of individually and collectively assessed allowances for impairment. Their fair value is estimated using discounted cash flow models. The discount rate used is the current effective variable rate for variable rate loans and for fixed rate loans the current market estimated rate for the same term to maturity of the loans.
- Deposits are carried at their original amount plus accumulated interest since the date of deposit. The fair value is estimated using discounted cash flow models. The discount rate used is the original deposit rate, adjusted for changes in deposit interest rates and margins.

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

- Cash and bank balances
- Receivables other; and
- Payables other.

All financial instruments reflecting carrying amounts and related fair values are presented in the table below together with the level in the fair value hierarchy:

	Consolidated		Credit Union		Fair value hierarchy
	2025		2025		
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000	
Financial Assets					
Investment instruments	206,124	206,124	206,124	206,124	Level 1
Loans and advances	1,178,575	1,173,229	1,178,575	1,173,229	Level 3
Cuscal Ltd shares	2,670	2,670	2,670	2,670	Level 1
Notes MTG PCU Trust Repo Series No. 1	-	-	224,012	223,644	Level 2
Derivative assets	66	66	66	66	Level 2
Total Financial Assets	1,387,435	1,382,089	1,611,447	1,605,733	
Financial Liabilities					
Deposits	1,312,311	1,392,698	1,312,311	1,392,698	Level 2
Borrowings	-	-	211,897	211,897	Level 3
Total Financial Liabilities Consolidated	1,312,311	1,392,698	1,524,208	1,604,595	

Notes to the Financial Statements

for the financial year ended 30 June 2025

	Consolidated		Credit Union		Fair value hierarchy
	2024		2024		
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000	
Financial Assets					
Investment instruments	167,248	167,633	167,248	167,633	Level 2
Loans and advances	1,114,641	1,102,180	1,114,641	1,102,180	Level 3
Cuscal Ltd shares	2,461	2,461	2,461	2,461	Level 3
Notes MTG PCU Trust Repo Series No. 1	-	-	258,232	257,059	Level 2
Derivative assets	764	764	764	764	Level 2
Total Financial Assets	1,285,114	1,273,038	1,543,346	1,530,097	
Financial Liabilities					
Deposits	1,224,212	1,279,871	1,224,212	1,279,871	Level 2
Borrowings	-	-	242,159	242,159	Level 3
Total Financial Liabilities Consolidated	1,224,212	1,279,871	1,466,371	1,522,030	

g) Investment securities

	Consolidated		Credit Union	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Cuscal Ltd shares	2,670	2,461	2,670	2,461
Notes MTG PCU Trust Repo Series No. 1	-	-	224,012	258,232
	2,670	2,461	226,682	260,693

The Group's investment in Cuscal Ltd shares is stated at fair value, and is classified as Level 1 in the fair value hierarchy. Previously they were classified as Level 3 due to the absence of an active market. The Group holds 890,016 shares (2024: 1,780,032 shares) representing a minority holding in the only class of equity shares in the capital structure of Cuscal Ltd. In conjunction with the Initial Public Offering (IPO) completed by Cuscal Ltd in November 2024, the Group sold back to Cuscal Ltd 890,016 shares at a price of \$2.50 per share and a cumulative net gain of \$1.184 million is reflected in the income from sale in the other comprehensive income.

The composition of MTG PCU Trust Repo Series No. 1 is represented by \$204.4 million of Class A notes (2024: \$239.4 million) and \$17.6 million of Class B notes together with accrued interest and distributions receivable. The Class A notes are Repo-eligible.

23. Capital management

Capital is managed at a Group level to achieve a prudent balance between maintaining capital ratios in support of its business growth while delivering value services to Members. The Group comprises of the entities that are listed in Note 21. The capital level is subject to externally imposed requirements at a Credit Union and Group level. The accounting and the regulatory scope of consolidation are consistent.

The Group has an Internal Capital Adequacy Assessment Process (ICAAP) complying with the Basel requirements for a risk-based assessment of capital levels having regard to the impact of risk concentration, residual risk, diversification and the results of stress tests. In setting the capital level, the Group has regard to sound governance, appropriate business practices, protecting depositors and maintaining adequate liquidity. The internally assessed capital level is determined based on the risks as assessed by management rather than a prescribed regulatory formula, and as such is more widely encompassing. The Group's governance process includes an assessment of capital forecasts, allowing for asset growth within capital constraints to ensure that targeted capital ratios are maintained. The objective of this process is to ensure that appropriate capital is maintained, and minimums imposed by APRA are met. The guidelines developed by the Basel committee form the basis for determining the capital requirements of the Group.

Risk-weighted assets are determined by applying prescribed risk weightings to on-and off-balance sheet exposures according to the relative credit risk of the counterparty and including a notional risk weighting for operational related risks in overall risk-weighted assets.

Notes to the Financial Statements

for the financial year ended 30 June 2025

The capital adequacy ratio reflects the capital strength of the Credit Union and is determined by dividing approved capital by risk-weighted assets held. The Group's capital adequacy ratio at year-end amounted to 16.85% (2024: 15.84%). The Credit Union's capital adequacy at year-end amounted to 16.85% (2024: 15.84%).

Details of the components of Total Capital and risk-weighted assets are set out in the following table.

	Consolidated		Credit Union	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Common Equity Tier 1 Capital (CET1)				
Retained Earnings	116,720	108,021	116,720	108,021
Accumulated other comprehensive income (OCI) and reserves:				
Total Accumulated OCI and reserves (*)	713	685	713	685
Revaluation reserves	7,305	6,959	7,305	6,959
Deferred fee income	385	371	385	371
Common Equity Tier 1 Capital before adjustments	125,124	116,036	125,124	116,036
Less Regulatory Adjustments:				
Other Intangibles	1,160	1,040	1,160	1,040
Unrealised fair value gains/(losses)	345	-	345	-
Cash-flow hedge reserve	34	627	34	627
Investments in other ADIs - Cuscal Ltd	2,670	2,461	2,670	2,461
DTA arising from temporary differences	788	791	788	791
Common Equity Tier 1 Capital	120,127	111,117	120,127	111,117
Additional Tier 1 Capital	-	-	-	-
Tier 1 Capital	120,127	111,117	120,127	111,117
Reserve for credit losses	1,504	1,470	1,504	1,470
Tier 2 Capital	1,504	1,470	1,504	1,470
Total Capital	121,631	112,587	121,631	112,587
Total Risk-Weighted Assets based on APRA standards	721,895	710,829	721,895	710,829
Capital Ratios and Buffers				
Common Equity Tier 1 (as a % of risk-weighted assets)	16.65%	15.63%	16.65%	15.63%
Tier 1 (as a % of risk-weighted assets)	16.65%	15.63%	16.65%	15.63%
Total Capital (as a % of risk-weighted assets)	16.85%	15.84%	16.85%	15.84%

(*) The table below represents the reconciliation of the Total accumulated OCI and reserves:

Total Accumulated OCI and reserves	9,522	9,114	9,522	9,114
Revaluation reserves	(7,305)	(6,959)	(7,305)	(6,959)
Reserve for credit losses	(1,504)	(1,470)	(1,504)	(1,470)
Total Accumulated OCI and reserves for capital	713	685	713	685

24. Significant alliances

The Group has a significant alliance with Cuscal Ltd. Cuscal Ltd operates a financial switching service allowing access to payment and settlement services such as eftpos, direct entry, BPAY® and Visa services. Police Credit Union also holds shares in Cuscal Ltd.

25. Events subsequent to reporting date

The Group has not identified events that would require adjustments to the amounts or disclosures in the financial statements.

Directors' Declaration

The Directors declare that:

1. in the Directors' opinion, there are reasonable grounds to believe that the Group and the Credit Union will be able to pay its debts as and when they become due and payable,
2. the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 to the financial statements.
3. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group and the Credit Union.
4. in the Directors' opinion, the attached consolidated entity disclosure statement is true and correct.

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

On behalf of the Directors



Alexander Paul Zimmermann
Chairman

Adelaide, 24 September 2025



Independent Auditor's Report

To the members of Police Credit Union Limited

Opinions

We have audited the consolidated **Financial Report** of Police Credit Union Limited (the Group Financial Report). We have also audited the Financial Report of Police Credit Union Limited (the Company Financial Report).

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

The respective **Financial Reports** of the Group and the Company comprise:

- Statements of Financial Position as at 30 June 2025;
- Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows for the year then ended;
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2025;
- Notes including material accounting policies; and
- Directors' Declaration.

The **Group** consists of Police Credit Union Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinions

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

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

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

Other Information

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

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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

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

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



Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

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

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- 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 opinions.

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

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

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


KPMG



Neil Ediriweera
Partner

Adelaide

24 September 2025

WHAT OUR MEMBERS SAY

Kristian, Age 50

"Police Credit Union personalises their services, taking the time to learn what their customers need and in my experience, they take the time to build rapport."

Daniel, Age 32

"Fast and easy application process for loan products, friendly staff and good rates compared to major banks."

Sabrina, Age 59

"Police Credit Union are reliable, and member focused with excellent service that puts people first."

Yvonne, Age 71

"It's a local branch. Easy to access. Staff are just wonderful & so helpful. They go out of their way to help us in so many ways - 10/10. Would not bank with anyone else!"

Julie, Age 62

"Police Credit Union has great customer service, everything is done with a smile. All needs are met or they will find out for you. Nothing is too hard. The staff know their product or information. Why go elsewhere when you have all this at your fingertips."

Patricia, Age 80

"Police Credit Union means security, and the convenience of internet banking as well as a close bricks and mortar branch for personal assistance."

Alice, Age 55

"I've been with Police Credit Union for 26 years because they support me through life's ups and downs. Whatever I need, they've got my back."

Tania, Age 50

"They speak to me on a personal level and explain everything to me so I understand."

Alpesh, Age 45

"Police Credit Union means to me a trustworthy and friendly credit union which values my interests while also providing competitive rates."

Police Credit Union Ltd

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