

Police & Nurses Limited

ANNUAL REPORT 2026



A close-up photograph of a person's hands holding a wooden mallet and pestle. The person is wearing a blue and white patterned garment, likely a traditional Aboriginal or Torres Strait Islander dress. The mallet and pestle are made of light-colored wood and have dark, possibly charred or stained, tips. The background is a solid light color.

Acknowledgement of Country

P&N Group acknowledges the First Nations Peoples of Australia, and their ongoing role as Traditional Custodians of the land and waters across Australia. We recognise and respect the Aboriginal and Torres Strait Islander Peoples' historical and ongoing connection to Country and pay respect to Elders past and present.

Our registered office is located on the lands of the Whadjuk people of the Noongar nation in Perth, Western Australia.

Directory

Directors

Gary Humphreys (Chair)
Andrew Hadley
Trevor Hunt
Louise Clarke
Monish Paul
Kellie Properjohn

Chief Executive Officer

Andrew Hadley

Company Secretary

David Fehlberg

Registered Office

Police & Nurses Limited
ABN 69 087 651 876

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Perth 6000
Western Australia
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External Auditors

Grant Thornton Audit Pty Ltd
Grosvenor Place
Level 26/255 George Street
Sydney, NSW 2000

Internal Auditors

Ernst & Young Australia
200 George Street
Sydney 2000, New South Wales

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This financial report covers both the separate financial statements of Police & Nurses Limited as an individual entity and holder of the ADI licence (Bank) and the consolidated financial statements for the consolidated entity consisting of Police & Nurses Limited and its subsidiaries (Group). The financial report presentation and functional currency is Australian dollars.

Police & Nurses Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Report of the Directors on pages 27 to 32.

The financial report was authorised for issue by the Directors on 8 September 2026. The Directors have the power to amend and reissue the financial report.

Glossary of abbreviations and defined terms

ADI Authorised Deposit-taking Institution

Bank, Company or PNL Police & Nurses Limited ABN 69 087 651 876 as an individual entity and holder of the ADI licence

P&N Group/the Group The Company and its subsidiaries

P&N The division of the Bank carried on under the trading name 'P&N Bank'

BCU The division of the Bank carried on under the trading name 'BCU Bank'

Our highlights for 2025-26

Celebrating our success

BCU Bank



p&n bank



Helping customers bank with confidence

206,687
customers



11,567
new customers

joined P&N Bank and BCU Bank



Supported

1,542
customers buy
their new home

171
of these were
first home
buyers

Total number of digital
banking transactions **12.7**
million
8.5% year-on-year growth



900
Business Banking customers
with circa \$490m in loans
and \$204m in deposits



**Net Promoter
Score**
(NPS), 22% above
industry benchmark



**Customer
Satisfaction
Score**
(CSAT)



**customer
satisfaction**
across transactional
experiences

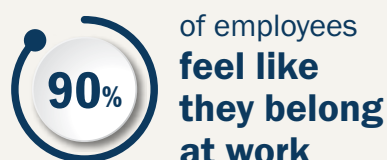
Aggregated results across our BCU and P&N brands.

Our purpose is to enrich the lives of our customers and their communities.
Our values: Focus on customers | Improve and learn | Trust and collaborate

Building a connected and supportive workplace



~ 600
employees



Supporting our communities



310
hours spent
volunteering in the
community



Almost 90
community groups,
charities and individuals
received over
\$520,000
through community partnerships,
grants, donations and
in-kind support

A sustainable financial result



Stable capital
with a regulatory
capital ratio of
16.1%

up
1.4%



Strong liquidity with a regulatory
liquidity ratio (MLH) of
14.6% (stable)



Loans and advances
\$8,278
million

up
5%



Customer deposits
\$8,234
million

up
7.5%



Net Profit After Tax
\$30.4
million

up
7.6%

“ As a customer-owned bank, our customers’ savings help fund the aspirations of others within our banking community, creating a cycle of shared benefit that sits at the heart of our purpose. ”



Message from the Chair and CEO

BY GARY HUMPHREYS, CHAIR AND ANDREW HADLEY, MANAGING DIRECTOR AND CEO

This year, we strengthened our foundations by investing in better experiences for our customers, supporting the communities we serve, and building a more resilient organisation.

Representing more than 206,000 P&N Bank and BCU Bank customers across three states, we remained focused on delivering fair value and practical support to help Australians navigate ongoing cost of living pressures, while maintaining the personal service and human connection they value.

As a customer-owned bank, our customers' savings help fund the aspirations of others within our banking community, creating a cycle of shared benefit that sits at the heart of our purpose. Strong growth in deposits enabled us to provide more lending to Australians looking to purchase a home, helping 1,542 individuals, couples and families take the next step on their home ownership journey, including almost 171 first home buyers.

We continued to invest in better experiences, greater value, stronger protections against scams and fraud, and the capability needed to support future growth, as outlined in our Annual Report.

The following highlights provide an overview of the year. Further detail on our financial performance, strategic priorities and impact can be found throughout this report.

Our financial performance

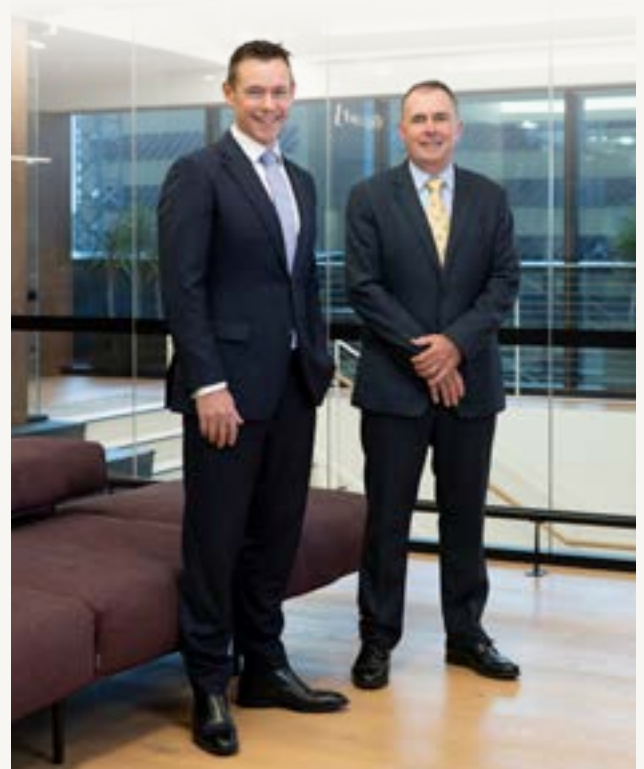
Despite ongoing economic uncertainty, elevated living costs and a highly competitive banking environment, P&N Group delivered another year of sustainable growth and improved financial performance.

We ended the year with net profit after tax of \$30.4 million, up 7.6% on last year, supported by balanced growth across the business, prudent net interest margin management and disciplined cost control.

Importantly, this performance has enabled continued investment in customer protection, technology, service improvements and risk management.

Delivering growth in lending and deposits of 5.0% and 7.5% respectively, it was pleasing to see more customers continue to choose P&N Bank and BCU Bank for their personal and business banking needs.

Our balance sheet continued to strengthen during the year, with our total regulatory capital ratio increasing to 16.1% and our liquidity position remaining robust. Together with continued strong credit quality, these outcomes enhance our resilience and support future growth.





Taking the next step in our proposed merger with Bank Australia

In May, our Board signed a Memorandum of Understanding to explore a potential merger with customer-owned Bank Australia Limited. Following an initial due diligence phase in August, the Boards of Police & Nurses Limited and Bank Australia Limited agreed to progress the opportunity to the regulatory submission stage.

Across governance, culture, operations, technology and financial performance, we found strong alignment between our organisations and a shared commitment to purpose-led, customer-owned banking.

We know our members value customer ownership, local service, strong community connections and banking with people they trust. These qualities have guided both organisations for decades and remain central to the opportunity being explored.

The merger would create a stronger and more resilient customer-owned bank, with greater capacity to invest in customer experience, technology, security and service. At a time when expectations for digital banking, protection against scams and cyber threats, competitive products and reliable service continue to grow, increased scale would strengthen our ability to invest in these capabilities while remaining firmly customer-owned and ensuring members retain a strong voice in the future of the organisation.

Over the coming months, both organisations will prepare submissions to our regulators.

Subject to regulatory approval, members of both banks will have the final say through a vote expected in the first half of 2027. Ahead of any vote, members will receive comprehensive information to support an informed decision.

For now, it remains business as usual for our customers and employees as we continue to progress the proposal.

Investing in innovation and resilience

As customer expectations continue to evolve, we invested in technology, innovation and operational resilience to make banking simpler, faster and more secure, while ensuring customers can continue to bank with confidence and trust.

A key focus during the year was strengthening our digital capabilities through the responsible adoption of artificial intelligence (AI), helping our people work more efficiently, improve decision-making and deliver simpler banking experiences.

Protecting our customers and the integrity of the financial system remained a priority. In response to regulatory reforms, we launched our Financial Crime Maturity Project to enhance our AML/CTF framework, strengthening our ability to prevent, detect and respond to financial crime.

We also continued to advance our operational risk, business continuity and service provider management capabilities in line with APRA's CPS 230 requirements, supporting organisational resilience and our ability to respond effectively to disruption.

Our commitment to social and environmental impact

We recognise that creating long-term value for our customers also means contributing positively to the communities and environment around us.

Throughout the year, we continued to advance our ESG Strategy through initiatives focused on climate action, community investment, reconciliation, gender equity and LGBTQIA+ inclusion.

Further information on these initiatives and their impact can be found later in this report.



With thanks

As a customer-owned bank, our decisions are guided by the long-term interests of our customers, communities and organisation.

Our investments this year, together with the opportunity presented by the proposed merger with Bank Australia, position us to strengthen what makes us unique while continuing to invest in the services, security and experiences our customers value.

We thank our Directors, leaders and employees for their commitment and contribution throughout the year.

Most importantly, we thank our customers for the trust they place in us. Supported by our strong financial position, ongoing investment in capability and the opportunities ahead, we are well placed to continue creating long-term value for our customers, strengthening the communities we serve and helping shape the future of customer-owned banking.



Gary Humphreys
Chair



Andrew Hadley
Managing Director and CEO

“ We know our members value customer ownership, local service, strong community connections and banking with people they trust. ”



“ We continue to invest in the people, technology and capabilities needed to detect, prevent and respond to increasingly sophisticated criminal activity, while helping customers stay informed and protected. **”**



Our customers

Making everyday banking easier

This year, we focused on making banking simpler, safer, and more supportive for our customers while continuing to strengthen our products and deliver trusted service.

- Improved customer support was delivered through our new national Contact Centre, enabling calls to be answered by the first available team member regardless of brand or location. Supported by cross-skilling, technology enhancements and workforce management improvements, this has improved the experience for customers seeking assistance.
- We introduced new customer service platforms that bring phone, chat, and customer information together in a single place. Customers can now move seamlessly between channels without repeating information, helping deliver faster resolutions and a more streamlined experience.
- Digital adoption continued to grow during the year, with 78% of customers now registered for digital banking.
- Our simplified home loan experience introduced instant contract generation, digital document delivery and signing, real-time application tracking and a more streamlined settlement process. Eligible property valuation turnaround times were reduced from 2.5 days to nine hours, while 73% of simple home loan applications were approved within 24 hours, reducing the time it takes for people to move into their homes.
- The rollout of more streamlined digital journeys across the business has simplified everyday banking interactions and delivered a more consistent experience across both P&N Bank and BCU Bank. New identification processes have also enhanced security and efficiency.



Supporting customers at every life stage

Throughout the year, we enhanced our product offering, expanded pathways to home ownership and strengthened support designed to improve financial capability and resilience at every stage of life.

- We expanded our savings account range to better meet the diverse needs and saving habits of our customers, with accounts that reward regular saving, options for customers who prefer not to make withdrawals, and new products for over-55s tailored to support key life transitions. We also continued to enhance our existing savings products, and our Boss Saver and Savvy Saver accounts were highly commended in the 2026 Finder Product Awards.
- Equally, we improved our home loan offering to provide customers with more contemporary products, which have benefited existing customers and attracted new customers to both P&N and BCU.
- P&N Group continued to support more Australians achieve home ownership through the Australian Government 5% Deposit Scheme, providing eligible first home buyers with lower deposit requirements and no Lenders Mortgage Insurance.



87%

of customers **trust us**
to act in their best interests



78%

of customers registered for
digital banking



90%

of home loan documents
signed digitally

- In partnership with Vinnies WA, P&N Bank strengthened financial capability and resilience for people experiencing hardship, supporting the delivery of 734 financial coaching sessions and 43 community education workshops across Western Australia. More than 110 people were connected to free financial coaching services, supporting them to navigate financial challenges and strengthen long-term financial wellbeing.
- Through our long-standing partnerships with WA Police and the WA Police Union, we continued to provide tailored banking solutions, lending support and member benefits. During the year, we helped 678 essential services employees purchase or renovate a home, supporting those who contribute to stronger communities.
- Continuing more than 20 years of support for regional and agricultural communities, BCU Bank again partnered with the 2026 Primex Field Days in New South Wales, strengthening our connection with customers, local businesses and regional communities.

Protecting customers from scams and fraud

As scams and cyber-enabled crime continue to grow in scale and sophistication, protecting our customers, their money and their information remains one of our most important responsibilities.

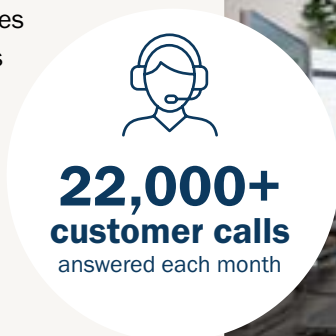
We continue to invest in the people, technology and capabilities needed to detect, prevent and respond to increasingly sophisticated criminal activity, while helping customers stay informed and protected.

- We strengthened our ability to identify suspicious activity in real time and act quickly to disrupt fraud and scams, supported by robust oversight, threat intelligence, employee training and well-practised incident response processes.
- Confirmation of Payee was introduced across internet banking and our mobile apps, giving customers greater confidence when making external payments. We also implemented a smarter process for payment limit increases, enabling faster decisions while maintaining important safeguards against fraud.

“ We believe every customer deserves to be treated with care, dignity and understanding, particularly when life takes an unexpected turn. ”



- We continued to invest in awareness and education, sharing more than 300 articles across our websites and social channels to build awareness of scams and emerging threats.
- Our Fraud and Member Advocacy teams delivered community education sessions and participated in senior lifestyle and retirement living events to raise awareness of scams, elder abuse and financial vulnerability. We also supported the national Stop. Check. Protect. campaign during Scam Awareness Week.
- Our specialist Fraud and Scams team provided support and guidance to customers impacted by fraud and scam activity.



Being there in vulnerable moments

We believe every customer deserves to be treated with care, dignity and understanding, particularly when life takes an unexpected turn.

Supporting people experiencing financial hardship, vulnerability or significant life events remained a priority throughout the year. By identifying when someone may need support earlier and creating more personalised pathways to assistance, we are making it easier to access help, understand available options and receive support tailored to individual circumstances.

- Our Vulnerable Customer Strategy and ten-point plan remained central to our approach, focusing on preventing financial abuse and strengthening support for those facing difficult circumstances.
- During the year, we enhanced support measures including on-hold messaging encouraging customers to seek assistance, increased awareness of Concession Account eligibility, and predictive arrears monitoring.
- We improved website content and support pathways to make assistance easier to access and understand, while streamlined hardship processes reduced turnaround times for customers seeking help.
- A refreshed Customer Care Grants program was introduced to provide more targeted, timely and consistent support for people experiencing financial hardship, vulnerability or unexpected life events, including in-the-moment crisis payments.

Delivering better customer outcomes

Trust sits at the heart of customer-owned banking and remains one of our most important measures of success.

We remain committed to listening, acting in our customers' best interests and continually improving the experiences we provide. Customer confidence remained strong throughout the year, with 87% of customers saying they trust P&N Bank and BCU Bank to act in their best interests.

- We strengthened how we listen and respond to feedback through improved complaint management and customer insight processes, providing greater insight into customer needs and opportunities for improvement.
- In recognition of the passion and commitment of our people, and the trust our customers continue to place in us, P&N Bank was named Roy Morgan Bank of the Year for Customer Satisfaction for the third consecutive year.
- Our focus on improving customer outcomes and supporting the brokers who work with us was recognised in Broker Pulse's 2026 Third-Party Lending Report, where we were named Market Leader in both the customer-owned bank and small non-major categories. For the fifth consecutive year, P&N Bank was also named WA Mutual/Credit Union Lender of the Year in the Mortgage & Finance Association of Australia's State Excellence Awards.
- We also continued to help business banking customers invest in their future and grow their businesses, supporting stronger local economies and communities.

Whether purchasing a first home, building savings, navigating difficult circumstances or protecting themselves from fraud, our customers can rely on us for practical support, trusted advice and banking experiences that build financial confidence.

Our social impact

Strengthening local communities

As a customer-owned bank, our impact extends beyond banking. Through partnerships, grants, donations, and volunteering, we helped community organisations deliver practical support where it was needed most.

As part of our commitment, we champion reconciliation, gender equity, and LGBTQIA+ inclusion, helping foster a stronger sense of belonging within our organisation and communities.

- More than 70 of our people provided 310 volunteer hours to support charities, including Maam Giingana Gumbaynggirr Freedom School, Lifeline North Coast, Lifeline WA, OzGreen, Happy Boxes, Reconciliation WA and Clean Up Australia.
- Our people volunteered to pack more than 150 bags through the Happy Boxes Project to be sent to Jigalong. The remote Aboriginal community in the Pilbara is exclusively self-managed, with a population of approximately 500 Martu people.
- We supported organisations including Rainbow Families, the Harding Miller Education Foundation, and the Polly Farmer Foundation, helping create positive outcomes for the communities we serve.
- To support lasting impact, several new resources and initiatives were launched, including an updated Acknowledgement of Country Guide, First Nations Procurement Guide, enhanced inclusive recruitment advertising language, and volunteering opportunities with Maam Giingana Gumburrjar School (MGGS).



**Almost
90
community
groups,
charities, and
individuals supported**



**Over
\$520,000
invested**
in community partnerships,
grants, donations and
in-kind support



**310
hours**
spent
volunteering
in the
community

“ Through partnerships, grants, donations, and volunteering, we helped community organisations deliver practical support where it was needed most. ”



Mural created by renowned local artists Kambarni and Miser.

Community has always been at the heart of P&N Bank. Through the support of our customers, we continue to invest in initiatives, partnerships and programs that strengthen the lives and wellbeing of Western Australians.

- More Western Australians were able to access critical crisis support services through our partnership with Lifeline WA, contributing to more than 174,000 crisis support conversations, a 6% increase on the previous year. Five Crisis Supporters received specialist training as a result of our support, expanding Lifeline WA's capacity to respond to growing community need. P&N also supported the Lights for Lifeline campaign, enabling 256 crisis support conversations for Western Australians experiencing distress.
- Beyond our financial support, our employees contributed through volunteering initiatives with Vinnies WA, supported by up to two days of paid volunteer leave each year through our Flourish @ Work program.
- Our Empowerment Communities Grants program provided \$60,000 in funding to six Western Australian not-for-profit organisations, creating meaningful impact in the areas of family and domestic violence, homelessness, food insecurity, education, and employment.
- We assisted more than 35 individuals and families in financial crisis or who have basic needs that are not being met through over \$45,000 in Empowering People Grants.
- Healthcare workers were recognised and celebrated through our partnership with North Metropolitan Health Service and our long-standing sponsorship of the annual Nurses Cup, fostering connection across WA's healthcare community.
- Through our partnership with the Western Australian Police Union and collaboration with Police Health, we continued to support the financial wellbeing and wellbeing outcomes of police officers and their families.
- Current and retired police officers were recognised and celebrated through events, awards and community initiatives delivered alongside WA Police and the Retired Police Officers Association of WA.
- As one of the Wildcats' longest-standing partners, P&N Bank are proud to be celebrating 15 years together as we head into the NBL27 season. Together with the Perth Wildcats, P&N supported initiatives that bring people together through sport, culture, and community. Highlights included an artist-led mural unveiled ahead of the Indigenous Round, alongside community clinics and fan experiences that helped strengthen community connection.



Contributing
to more than
174,000
crisis support
conversations

Empowerment grants

P&N is committed to giving back to the Western Australian community by supporting inclusive charities and not-for-profit organisations that create positive outcomes for individuals, families and communities facing social challenges.

We are focused on supporting organisations that empower people and strengthen communities in the areas of equity, disability and accessibility, mental health, poverty and homelessness, and domestic and family violence.

The Kyle Andrews Foundation

The Kyle Andrews Foundation was established in memory of Kyle Andrews and inspired by his wish to help children in hospital “feel better”.

Each year, the foundation provides a much-needed holiday in Broome for children undergoing treatment at Perth Children’s Hospital and their families, offering an opportunity to create special memories away from hospital appointments and therapies. The foundation also provides respite accommodation through Kyle’s Cottage in Broome and Kyle’s Getaway in Busselton.

Thanks to P&N customer votes, a \$15,000 P&N Bank Empowerment Grant will help cover the fees for their 2027 Kyle’s Camp in Broome, ensuring more children and families can experience the joy, connection and respite these camps provide.

We’re proud to support an organisation helping WA families navigate some of life’s toughest moments with hope, care and unforgettable experiences.

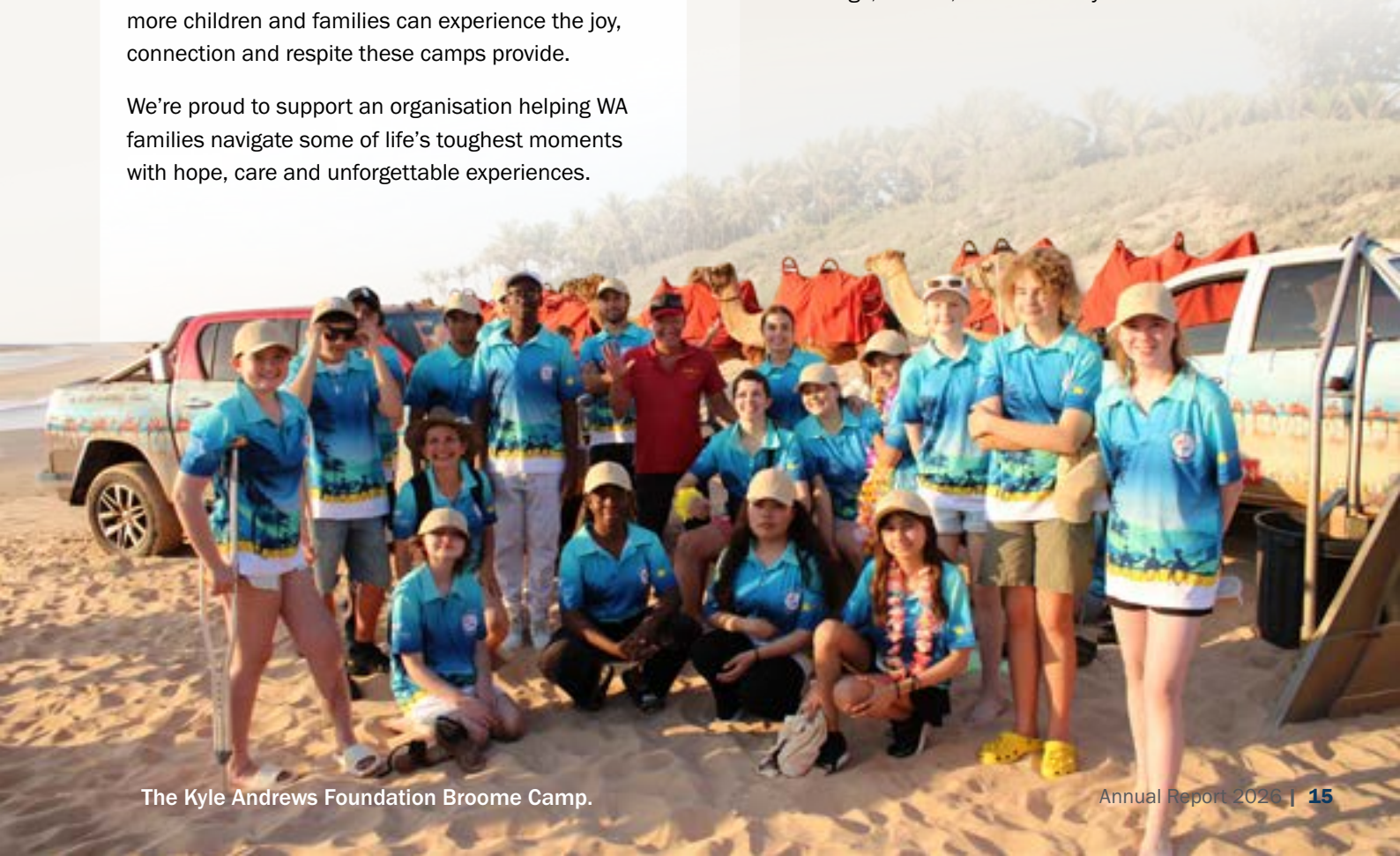


Orana House

Founded in 1978, Orana House is a leading WA refuge providing crisis accommodation and holistic support for women and children escaping family and domestic violence. In 2024/25 alone, Orana House provided nearly 10,000 bed nights and hundreds of outreach services to families in crisis.

Driven by the belief that everyone deserves to live free from violence, Orana House works to break cycles of abuse by fostering independence, confidence, and resilience. Its services are trauma-informed, culturally sensitive, and inclusive – supporting women and children regardless of background or circumstance.

Backed by a \$15,000 P&N Bank Empowerment Grant, P&N customers have empowered Orana House to meet increasing demand, maintaining safe accommodation, and expanding community programs, such as ‘Empowered 4 Employment’. Every dollar ensures more women and children can find refuge, rebuild, and thrive beyond violence.





Supporting strong regional communities is central to BCU Bank's purpose. Through the support of our customers and long-standing community partnerships, we continue to help local organisations create lasting impact.

- Local organisations making a real difference received more than \$29,000 through the BCU Community Cares Grants Program to strengthen wellbeing, community connection, and create positive social impact.
- Students and families benefited from new learning opportunities following the establishment of the Maam Giingana Gumbaynggirr's (Freedom School) first library and the purchase of Chromebooks through our ongoing partnership. These resources will create meaningful outcomes across the school community, enhancing learning opportunities, supporting the preservation of culture and language, and strengthening connections between students, families and the broader community.
- By supporting the Stand Tall in Coffs Harbour and STEM Conference for Regional Girls Mid North Coast events, BCU helped more than 1,600 young people across regional communities build confidence and resilience through mentoring, education, and career-focused experiences.
- More than 9,000 crisis support calls were answered through Lifeline Mid North Coast during the year, supported by BCU's ongoing partnership. Beyond financial support, our employees volunteered at Lifeline's Distribution Centre, helping process more than 1,500 donated items to support the organisation's retail operations and fund essential services. Employees also helped raise funds for the Out of the Shadows Walk on World Suicide Prevention Day, helping fund crisis support calls and further strengthening mental health and suicide prevention services across the region.
- Injured and endangered koalas received vital rehabilitation support through our partnership with Australia Zoo and Wildlife Warriors, while broader conservation efforts helped build community awareness of environmental challenges.

1,500+
students engaged
through youth
wellbeing and
education
initiatives

130+
students
participated in
the STEM
Conference for
Regional Girls

Supporting people experiencing homelessness through Orange Sky

For many Australians experiencing homelessness or hardship, access to clean clothes, hot showers, and a friendly conversation can make a meaningful difference.

BCU Bank's partnership with Orange Sky provided access to essential services to restore dignity, foster connection, and strengthen community wellbeing. Orange Sky delivered 130,653 loads of laundry, 8,362 warm showers, 155,607 hours of genuine connection on its iconic orange chairs, and 18,340 volunteer support shifts through our support this year alone. Together, these services provided practical support while creating safe and welcoming spaces for people to connect, share their stories, and access a sense of belonging.

This year marked a significant milestone in our partnership, securing naming rights to Walk the Walk powered by BCU Bank, Orange Sky's national fundraising campaign. The initiative challenged participants to complete 122 kilometres of physical activity throughout March, representing the 122,000 Australians



\$20,000
raised through
Walk the Walk

experiencing homelessness across the country, while raising funds to help sustain Orange Sky's vital services.

The campaign united our employees, customers, and communities around a shared purpose. Employee participation saw us collectively raise more than \$20,000 to help Orange Sky continue delivering practical support, meaningful connection, and dignity to those doing it tough.

As a customer-owned bank, we know strong communities are built when people come together to support one another. Our partnership with Orange Sky reflects our commitment to creating meaningful social impact and helping people access the dignity, connection and support they need.



Our people

Building capability for the future

By investing in our people, we are strengthening the capability, leadership, and culture that help us deliver better experiences for our customers, support our communities, and prepare for the future of customer-owned banking.

Through leadership, learning and development opportunities, we're helping employees strengthen their skills, reach their potential and create rewarding careers with us.

- Our Emerging Leaders Program continued to provide a strong pathway for future leaders, with Cohort 7 graduating in December 2025. Over seven years, 93 employees have participated, with 24% progressing into leadership roles, 27% promoted into higher-level positions, and 47 business improvement projects delivered.
- We invested in leadership capability through our inaugural Senior Leadership Development Program, while 13 employees participated in our Leadership Essentials Program, strengthening foundational leadership capabilities.
- Our Connected Mentoring Program reached its highest level of participation on record, supporting 37 mentoring relationships and strengthening knowledge sharing, career development, and cross-functional connections.
- A more consistent approach to performance, feedback, and development across the Group has strengthened our performance and development processes.
- Enhancements to our employee onboarding program contributed to a 94% satisfaction rating. Employee feedback has informed ongoing improvements to onboarding, technology, and processes, ensuring new starters feel connected, supported, and set up for success.



~600
employees



**employee
engagement**



of employees feel
supported to
**balance work
and personal life**



**women in
leadership**



of employees
**feel like they
belong at work**

National recognition for emerging leader:

Dale Roberts

Dale Roberts is a Broker Assessor with P&N Group and a proud finalist in the 2025 national Customer Owned Banking Association Emerging Leader Award. His selection marked the second consecutive year a P&N Group employee has been recognised as a national finalist, reflecting our ongoing commitment to developing future leaders.

Since joining P&N Group in February 2024 as a Customer Support Representative in the Contact Centre, Dale has embraced every opportunity to learn, contribute, and grow. In a short period of time, he progressed through several roles across the business, including a secondment as Member Service Manager and a position within the Digital Channels team, before stepping into a more senior role as Omni-Channel Support Specialist supporting both our P&N Bank and BCU Bank teams.

Dale was named winner of the 2025 P&N Group Emerging Leader Award in recognition of his leadership, customer focus, and commitment to continuous improvement. His nomination for the COBA Emerging Leader Award followed soon after, where he was selected as one of only seven finalists nationally.

“The opportunities I’ve been given at P&N Group have played a huge role in my development. Leaders have trusted me to step into new challenges, supported me to build my capability, and encouraged me to keep growing,” Dale said.

“What stands out most is the culture - people genuinely want to see each other succeed. That support has given me the confidence to progress my career, take on new opportunities and become a better leader for my team and our customers.”

Dale’s recognition highlights not only his individual achievements, but also the culture that makes P&N Group a great place to work. By investing in people, supporting career progression, and creating opportunities for our people to develop and thrive, we continue to build a strong pipeline of future leaders who are committed to putting customers first.

“What stands out most is the culture - people genuinely want to see each other succeed. That support has given me the confidence to progress my career, take on new opportunities and become a better leader for my team and our customers.”



Fostering an inclusive and connected culture

We are committed to fostering an inclusive, equitable, and respectful workplace and community. Through initiatives focused on LGBTQIA+ inclusion, gender equity, and reconciliation, we are building understanding, strengthening connections, and driving meaningful action for our people, customers, and communities.

- With 90% of our people saying they feel they belong, we're proud to foster a workplace where people can be themselves and flourish.
- Our Reconciliation, DNA (Pride) and Gender Equity Action Groups play a key role in bringing inclusion and belonging to life alongside our people. Driven by passionate volunteers, these groups create a workplace where everyone feels respected, connected, and valued.
- Following the completion of our Reconciliation Action Plan Reflect, our 2025-27 strategy advances Reconciliation through genuine listening and learning, awareness, and education and by building meaningful relationships with First Nations communities, businesses, customers, and employees.
- Our Pride Strategy is helping create a workplace where people can be unapologetically themselves and feel a genuine sense of belonging. Through education, awareness initiatives and growing community partnerships, we continue to strengthen inclusion across our organisation and beyond.
- Reducing our gender pay gap remains a key priority under our Gender Equity Strategy and our commitment to creating a workplace where everyone has equal opportunity to grow and succeed through improved representation, career progression and leadership opportunities for women across our organisation.
- We launched new resources to help leaders and employees build awareness of gender equity and support practical action to address barriers to participation and progression. We also introduced free period products in our larger corporate offices, with broader rollout across P&N Group locations under consideration.
- During the Workplace Gender Equality Agency (WGEA) 2024-25 reporting period, our gender pay gap remained below the financial services industry average, with an average total remuneration gap of 22.5%, a median total remuneration gap of 22.6%, and a median base salary gap of 21.6%. While our results continue to be influenced by workforce composition, we remain focused on improving representation and creating pathways for career progression and leadership opportunities.
- We introduced Neurodiversity Facilitation Toolkits to help leaders and teams create more inclusive and accessible workplaces, supporting greater understanding of diverse ways of thinking, communicating and working. This was complemented by enhancements to our Perth Corporate Office, including the re-instatement of low sensory 'Quiet Focus' spaces and designated quiet zones, giving employees greater choice and flexibility in how and where they work.



117

employees completed our induction program, helping new starters build the knowledge, connections and confidence needed to contribute quickly and deliver value for customers from day one.



1,016

hours of learning were completed through Udemy Business, supporting continuous development and enabling employees to build new skills aligned to customer, operational, and career needs.



67

frontline employees completed Enrich or Empower training, enhancing service capability and strengthening their ability to build trusted, long-term relationships with customers.





Helping our people to thrive

Our senior leadership, including executives, is made up of 34% women

Women make up 33% of our Board

91% of employees feel we are committed to Respect at Work

92% of our people feel they have work-life balance

87% of employees feel supported to access flexible work

88% of employees feel their wellbeing is a priority

90% of our people have access to the learning and development they need to do their job well

Creating a safe and supportive workplace

As we navigate a rapidly evolving environment, we remain focused on creating the conditions for our people to succeed. Through targeted investments in wellbeing, leadership, capability, inclusion and technology, we strengthened the employee experience, supported our people through change, and built the skills, tools and culture needed to deliver sustainable performance for our customers, communities and the Group.

- Employee wellbeing remains a key focus, with 88% of employees reporting that wellbeing is a priority and 88% saying they would feel supported if they raised a mental health or wellbeing concern. Through our Wellbeing Strategy, we continued to invest in initiatives, resources, and leader capability that support positive wellbeing outcomes and help our people thrive.
- We strengthened psychosocial safety through new leader resources, dedicated learning sessions, updates to our Work Health & Safety framework, and Flourish DX, supporting stronger risk identification, action planning and wellbeing outcomes.
- To equip leaders with practical tools to help design engaging and sustainable work experiences, we introduced a SMART Work Design Framework focused on role clarity, autonomy, connection, and workload. The framework supports wellbeing, capability development, productivity, and performance.
- We continued to build organisational capability through practical tools, leadership resources, and workshops, helping teams navigate change while maintaining a strong focus on customers. Across the year, our people demonstrated resilience, adaptability and commitment while continuing to deliver exceptional outcomes for customers and communities.
- We strengthened the employee experience through practical initiatives including the introduction of a novated leasing program, a new internal jobs board, updated leadership guides, and improved learning experiences designed to support accessibility and inclusion for all employees.
- Microsoft Copilot Chat and Culture Amp AI Coach were progressively rolled out across the organisation, supported by training focused on responsible AI use, practical application, and innovation. Employee feedback highlighted improved productivity, stronger idea generation and greater efficiency, helping our people spend more time focused on delivering value for customers.
- With an employee engagement score of 81%, we continue to perform strongly, ranking in the top quartile of organisations and among the leaders in financial services.
- By fostering a strong safety culture across the Group, 93% of employees believe we take the health and safety of employees and customers seriously, and 94% report a clear understanding of their workplace health and safety rights and responsibilities.

Building a career with purpose

P&N Group Head of Finance & Sustainability, Carly Osborn, is passionate about showing that a career in finance can be about much more than spreadsheets and numbers. For Carly, it's about helping shape decisions that create positive outcomes for our people, customers, and communities.

As a senior leader, Carly is also a passionate advocate for encouraging more women to pursue careers in finance and STEM-related fields.

"Finance offers so many opportunities to make a meaningful impact. It's a career that challenges you to think strategically, solve problems, and help shape the future of an organisation.

"Finance has the power to influence decisions that create long-term value, not only for our organisation, but for our customers, communities, and future generations."

Carly's passion for making a difference extends beyond her role in finance. Through her involvement in P&N Group's Reconciliation, Gender Equity and Pride Action Groups, she has contributed to initiatives focused on sustainability, inclusion, and social impact, while connecting with colleagues from across the business who share similar values.

"What I value most is being able to contribute to areas I'm personally passionate about. The Action Groups bring people together from right across the organisation to share ideas, learn from one another, and help drive positive change."

For Carly, considering the broader impact of business decisions is simply part of doing the right thing.

"Whether it's supporting our communities, improving inclusion, or thinking about the environmental impact of our choices, these things matter. They help us build a stronger organisation and create lasting benefits for the customers we serve."

Reflecting on her own career journey, Carly encourages others to back themselves, embrace new opportunities, and stay curious.

"Don't wait until you feel 100% ready before putting your hand up for opportunities. Growth often comes from stretching yourself. Seek out mentors, ask questions, get involved in projects or Action Groups, and focus on building strong relationships."

“ Finance has the power to influence decisions that create long-term value, not only for our organisation, but for our customers, communities, and future generations. **”**



Our environment

We continued to take practical steps to reduce our environmental impact and build resilience for the future. As climate change increasingly affects customers, communities and local economies, our focus is on responsible progress, stronger governance and support for customers through the transition.

During the year, we delivered tangible progress across our climate action commitments towards being a more sustainable organisation, with progress across our operations, governance, and community initiatives.

For further detail on our climate-related risks and opportunities as well as key metrics and targets, please refer to our Sustainability Report on page 47.



**Certified
Climate Active
Carbon Neutral**
for FY25.



46%
of our corporate fleet now
**PHEV, hybrid, or
electric vehicles.**



47%
of our offices and
branches now run off
renewable energy.*



100%
of our owned buildings are
now running off
solar power.

*Via solar installation or through the contractual procurement of GreenPower.

Climate Action Plan progress update

Commitment	Status	Progress update
 Operational Climate Action		
Transition our owned properties to solar power by the end of 2025.		Solar panels installed at our 4 freehold properties during the period ending 30 June 2026.
No lending to large-scale activities, projects and industries involved in exploration, extraction or production of fossil fuels or in electricity generation from fossil fuels.		Ongoing commitment that we continue to uphold.
Become carbon neutral certified under the Climate Active Carbon Neutral Standard for Organisations for operational emissions by the end of 2025.		P&N Group retained Climate Active Carbon Neutral Certification for FY25.
Source 100% renewable energy for our offices and branches by the end of 2027.		14 of 30 operational offices and branches, or 47%, have transitioned to renewable electricity sources through on-site solar generation and renewable electricity procurement arrangements.
Transition our motor fleet to hybrid, plug-in hybrid and battery electric vehicles by the end of 2030.		21 of 45 vehicles, or 46% of the corporate motor fleet, have transitioned to hybrid or electric vehicles, comprising 19 hybrids, one plug-in hybrid electric vehicle and one battery electric vehicle.
Initiate Emissions Reduction Targets setting by the end of 2026 in line with the Science-Based Targets Initiative.		While we have set internal targets and continue to progress emission reduction initiatives, setting SBTi validated emissions reduction targets will be reviewed by the Board pending the outcome of the Bank Australia merger.
Educate our passionate people on the impacts of climate change and how they can embed our commitments into our operations, their own homes and communities to accelerate change.		Our Sustainability Action Group continues to deliver various educational opportunities including virtual lunch and learns, waste management activations and volunteer opportunities.
 Managing Climate Risk		
Continue to embed Climate Change risk assessments into our Risk Management Framework (RMF), governance processes and reporting models.		Refer to the Sustainability report on page 47 for details on our Climate Change Risks and Opportunities.
Understand our key Climate Risks and Opportunities and ensure they are considered as part of our Strategy setting process.		Refer to the Sustainability report on page 47 for details on our Climate Change Risks and Opportunities.
For the period beginning 1 July 2025, we will include Climate-related Financial Disclosures within our Annual report as required by AASB S2 Climate-related Financial Disclosures.		Climate-related Financial Disclosures have been incorporated into our FY26 Annual Report in accordance with the requirements of AASB S2 Climate-related Financial Disclosures.

Commitment	Status	Progress update
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Supporting Our Customers, Their Homes, and Businesses

Support our Business customers to understand their climate change risks and opportunities through education and partnerships and investigate how we might assist customers to transition to more sustainable practices.



- The Business Banking team has been engaging in various climate training (AICD, FINSIA) and industry events to upskill on climate-related topics. The further education of our team enables them to understand and support customers as they navigate climate change risk exposure.

Continue to adapt to the needs of our customers by investigating products and services that could unlock the environmental and financial benefits of upgrading their homes to renewable energy and their motor vehicles to electric vehicles.



- We continue to monitor the market, our peers and our customers product needs when considering sustainable product offerings. Opportunities to align with Bank Australia's sustainable product offering will be assessed pending the outcome of the proposed merger.

Continue to support members during disaster events such as fire, flood and drought by offering assistance packages and streamlining the hardship process.



- We continue to act and be ready to support our customers during disasters such as the recent Taree flooding event where a small number of customers were impacted.



Collaborate With Our Partners

Become a signatory of the Business Council of Co-Operatives and Mutuals Climate Declaration by the end of 2024.



- Ongoing commitment as we continue to leverage this partnership to stay across industry changes and challenges.

Collaborate with the Customer-owned Banking Association (COBA) and other customer-owned banks to share ideas and collaborate on contemporary practice.



- Throughout FY26, we actively participated in industry forums, working groups and engagement opportunities facilitated by the Customer Owned Banking Association (COBA) and the broader customer-owned banking sector. These activities provided valuable opportunities to share insights, discuss emerging regulatory and sustainability developments, and exchange contemporary practices with peer institutions.

Engage with our Suppliers to encourage greater transparency on emissions and agree on emissions reductions strategies.



- An Annual Vendor Questionnaire has been developed which will be shared with PNL material service providers in FY27. The questionnaire is designed to improve emissions transparency across our supply chain and support engagement with suppliers on emissions reduction opportunities and climate change resilience.

Work with our insurance partners to keep across current issues and advocate for our customers' needs



- Working with industry property experts to develop our understanding of available information for our operations and our customers.

Key:



Complete



Complete and ongoing



On track



Paused

Inspiring the next generation of innovators

As part of our commitment to creating positive community outcomes, BCU Bank partnered with OzGREEN as a Silver Sponsor of the STEM Conference for Regional Girls 2026 in Coffs Harbour. The event brought together more than 130 Year 8 female and non-binary students from regional Mid North Coast communities to explore future career opportunities in science, technology, engineering, and mathematics (STEM).

The conference was designed to build confidence, spark curiosity, and connect students with future career pathways in industries experiencing strong growth and increasing demand for skilled workers. Through interactive learning experiences, mentoring opportunities, and exposure to industry role models, students gained valuable insights into the possibilities a career in STEM can offer.

BCU employees played an active role throughout the event, sharing their expertise and career experiences with students. Our team delivered hands-on activities focused on scam awareness, fraud prevention, data analysis and problem solving, while our Head of Data & AI, Jess Kuan, joined the speaker program and mentoring sessions to help inspire future innovators.

The initiative also supported BCU's broader Social Impact commitments. Through our ongoing partnership with Maam Giingana Gumbaynggir School, we helped First Nations students access the conference, creating opportunities to strengthen educational outcomes and future career aspirations.



By supporting programs that promote gender equity, inclusion, and access to education, BCU is creating pathways for underrepresented groups to participate in high-growth industries. As women remain underrepresented in STEM, increasing participation helps bring diverse perspectives and ideas to solving some of the world's most complex challenges. The partnership reflects our belief that investing in young people today helps build stronger, more resilient communities for the future.

“ Through interactive learning experiences, mentoring opportunities, and exposure to industry role models, students gained valuable insights into the possibilities a career in STEM can offer. ”



Police & Nurses Limited

REPORT OF THE DIRECTORS 2026



Report of the Directors

Relationship of the concise financial report to the full financial report.

The concise financial report is an extract from the full financial report for the year ended 30 June 2026. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Police & Nurses Limited and its controlled entities as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. Please call 13 25 77 to request a copy or visit <https://www.pnbank.com.au/corporate/annual-reports/>.

Your Directors present their report on the financial statements of the Bank and the Group for the year ended 30 June 2026

Corporate Governance

The Board of Directors of the Bank (Board) is responsible for the corporate governance of the Group. To ensure the Board can fulfil its responsibilities, it has established guidelines for the operation of the Board and a framework for ensuring internal controls and business risk management processes are adequate and that ethical standards are appropriate. Unless otherwise stated, all these practices were in place for the entire financial year.

Operations of the Board of Directors

Corporate governance responsibilities of the Board include:

- contributing to, evaluating, approving and monitoring strategic direction and business objectives developed in conjunction with management;
- monitoring the Group's progress against agreed performance measures linked to business objectives and strategies, and comparing these with its peers in the marketplace;
- contributing to and enhancing the reputation and image of the Group to its members, the marketplace and the community at large;
- ensuring the required frameworks are in place including risk and capital management policies, internal controls, compliance and public reporting; and
- accepting accountability to members and responsibility to other stakeholders in the Group.

Directors

The following persons held office as Directors of the Bank during the year or since the year end and unless otherwise stated at the date of this report:

Gary HUMPHREYS

GAICD, AMP173 (Harvard) (Chair)

Full time Non-Executive Director across various sectors including banking, health, government, and not for profit, with over 20 years' experience leading and operating large corporations as a senior executive, deputy CEO and COO. Board Chair, and an ex officio member of the Audit & Sustainability Committee, Risk Committee and the Board Governance & Remuneration Committee. Nominations Committee Chair until 31 December 2025.

Andrew HADLEY

BCom GAICD SFFin

A seasoned financial services executive, CEO of the Bank since 2014 and Managing Director of the Bank since 2016.

Through a related corporate entity, Mr Hadley holds 22 shares in the Police & Nurses Limited Capital Note.

Trevor HUNT

BBus FAICD

Experienced retail banking and financial services WA-based professional with over 30 years operating in Australia in banking and senior executive positions and over 20 years as a non-executive director across banking, superannuation, financial planning, mortgage broking and the care industry. Risk Committee Chair and Board Governance & Remuneration Committee member.

Louise CLARKE

BBus GAICD

Executive and leadership coach with over 30 years' experience in the financial services sector as a Senior Executive. Board Governance & Remuneration Committee Chair, Nominations Committee Chair from 1 January 2026, and Audit & Sustainability Committee member.

Monish PAUL

MAICD, MBA, BBus

Professional with 25 years' experience in corporate strategy, technology, regulation and public policy across a range of industries both in the public and private sectors. Audit & Sustainability Committee Chair, Risk Committee member, and Nominations Committee member from 1 January 2026.

Kellie PROPERJOHN

Assoc Degree Criminology & Justice, Grad Certificate of Business (Leadership), GAICD

Previously the Assistant Commissioner, WA Police with 36 years of service spanning strategy, technology, operations and legislative reform. Formerly a Partner of Deloitte Australia. Ms Properjohn has a passion for business transformation and strengthening organisational culture to drive performance outcomes. Board Governance & Remuneration Committee member, Audit & Sustainability Committee member, and Risk Committee member.

Each Director holds one member share in the Bank.

Company Secretary

D Verran Fehlberg

BEC(Acc), LIB, MBA, GAICD

Mr Fehlberg has more than 25 years' experience working in Australia and internationally, in governance, legal and risk roles.

Composition and Meetings of the Board

The Board's composition, its meetings and conduct are determined in accordance with the Bank's Constitution, and the following:

- the Board must be comprised of at least five directors, being:
 - at least three member elected directors;
 - any board appointed directors, provided that at all times the number of member elected directors shall exceed the number of board appointed directors; and
 - if the Board so determines, the Chief Executive Officer;
- the Board comprises members with an appropriate range of expertise, skills and qualifications; and
- each Board member maintains their own skills relevant to the business of the Bank.

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the year ended 30 June 2026 and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit & Sustainability Committee Meetings		Risk Committee Meetings		Board Governance & Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
Member elected Directors								
T Hunt	10	10	*	*	8	8	5	5
G Humphreys**	10	10	** 5	** 5	** 8	** 8	**5	**5
M Paul	10	10	5	5	8	8	*	*
Board appointed Directors								
L Clarke	10	10	5	5	8	8	5	5
K Properjohn	10	10	5	5	8	8	5	5
Chief Executive Officer (executive / Managing Director)								
A Hadley***	10	10	*	*	*	*	*	*

A - Number of meetings held during the time the Director held office or was a member of the Committee during the year.

B - Number of meetings attended.

* Not a member of the relevant Committee.

** Mr Humphreys, as the Board Chair is also an ex officio member of the Audit & Sustainability Committee, Risk Committee and Board Governance & Remuneration Committee

*** During the year Mr Hadley was an attendee at meetings of the Audit & Sustainability Committee, Risk Committee and Board Governance & Remuneration Committee.

The Nominations Committee also met once during the year, chaired by Mr Humphreys.

Director Induction Program

The Directors have established a comprehensive induction program for newly elected or appointed Directors. The program assists new Directors to gain an understanding of the Group's operations and the financial and governance environment. The Directors also participate in further education to ensure that, in accordance with both strategic and regulatory business, they are capable of discharging the responsibilities of their office.

Directors' Remuneration

Board members are remunerated as per Division 17 of the Constitution. The total remuneration for the Board is determined by the members at the Annual General Meeting and divided amongst the Directors in such a manner as the Board determines and in line with market.

Audit & Sustainability Committee

The Board has established the Audit & Sustainability Committee to assist in the execution of its responsibilities. The Committee comprises at least three Board members. This Committee has written terms of reference, which outline its role and responsibilities to enable it to assist the Board in relation to:

- the reliability and integrity of financial information for inclusion in public financial statements;
- the review of audit plans to ensure they cover material risks and financial reporting requirements;
- the review and endorsement of sustainability strategies, and monitoring progress towards sustainability goals and targets;
- the review of sustainability reporting and disclosures for accuracy and transparency to ensure compliance with regulatory requirements;
- the independence, effectiveness and adequacy of the external and internal auditors; and
- the appointment and removal of external and internal auditors.

The Committee reports to the full Board after each Committee meeting.

Risk Committee

The Board has established the Risk Committee to assist in the execution of its responsibilities. The Committee comprises at least three Board members. This Committee has written terms of reference, which outline its role and responsibilities to enable it to assist the Board in relation to the establishment, monitoring, oversight and maintenance of the Bank's risk management framework. The Committee also monitors and oversees regulatory matters and operational, credit, market, capital and liquidity risk.

The Committee reports to the full Board after each Committee meeting.

Board Governance & Remuneration Committee

The Board has established the Board Governance & Remuneration Committee to assist it in the execution of its responsibilities. The Committee comprises at least three Board members. This Committee has written terms of reference, which outline its roles and responsibilities to enable it to assist the Board in relation to:

- maintaining compliance with the requirements of the prudential standards;
- providing informed feedback to the Board on its performance;
- establish a framework to assist the Board with the assessment of the performance of each Director and the Chief Executive Officer; and
- remuneration related practices and policies.

An appraisal of the Board's performance, and of that of its Committees and Directors, is conducted annually, with an independent consultant engaged to facilitate the process at least every third year. The Chair of the Board through the Board Governance & Remuneration Committee is responsible for the annual assessment methodology of the Board's performance and that of each individual Board member, supporting ongoing alignment with the requirements of the prudential standards.

The Committee reports to the full Board after each Committee meeting.

Nominations Committee

The Board has established a Nominations Committee to conduct assessments of the Fit and Proper status, and of the skills, experience and competency of the Group's Directors who renominate by rotation and of any other person nominating as a candidate for election as Director. The Committee has written terms of reference, which outlines its roles and responsibilities. The Committee comprises a Chair and at least two other members. None of the Nominations Committee members are employees of the Bank.

Group Risk Management

The purpose of Group risk management, which includes all subsidiaries of the Bank, is to ensure that appropriate strategies and processes are developed to manage and mitigate risks to the organisation.

The risk management systems are maintained with the aim of achieving the following goals:

- clearly defined risk appetite;
- identify, analyse and manage risk;
- through risk records provide a clear picture of the risk profile of the Group; and
- provide relevant information to management and the Board for decision making.

All business managers are responsible for risk management in their day-to-day activities and use the risk management framework which assists in appropriately balancing both risk and reward components.

Ethical Standards

Board members are required to act in accordance with the Constitution, any Board approved Code of Conduct and Conflict of Interest and Transactions with Directors and their Related Parties Policy.

Any Board member who has a material personal interest in any matter that relates to the affairs of the Bank must disclose that interest under section 191 of the *Corporations Act 2001 (Cth)* and that Board member may not be present at a Board meeting considering that matter, or vote on that matter, unless permitted by section 195 of the *Corporations Act 2001 (Cth)*.

Review of Operations

The Group delivered a robust financial result for the year ended 30 June 2026 in a challenging operating environment. Inflation, living costs and interest rates remained elevated for much of the year amid a complex global geopolitical and domestic economic environment. Competition in retail and business banking remained intense and ongoing requirements to invest in technology, customer protection, risk management and compliance remain key industry themes to address both customer and regulatory expectations.

The Group has navigated this environment carefully with a view to supporting our customers and delivering financial performance outcomes that protect long-term member value, resilience and sustainability. In that context, we are pleased to report in these financial statements:

- Balanced growth in loans and advances (5.0%) and deposits (7.5%) as our products, value propositions and service offerings continue to attract new customers in both retail and business banking segments.
- An increase in profitability with Group net profit after tax increasing to \$30.4m (7.6%) attributable to the benefits of balance sheet growth, prudent net interest margin management and cost discipline.
- A more resilient and stable balance sheet. Our regulatory capital ratios increased to 13.9% (2025: 12.7%) on a common equity tier 1 basis and 16.1% (2025:14.7%) on a total basis. Our liquidity profile remained robust with the Minimum Liquidity Holdings (MLH) regulatory liquidity ratio remaining stable at 14.6% (2025:14.6%).
- Strong credit risk outcomes with our level of delinquency remaining low by industry standards and relatively consistent with the prior year. During the year we increased our loan impairment provisions to 0.10% (2025: 0.08%) to take account of potential downside risks to the domestic economic outlook and the uncertain geopolitical environment.
- Ongoing investment in the business to deliver improved outcomes for customers, advance our strategic priorities and support future business performance as set out in the 2026 Annual Report.

Potential Merger with Bank Australia Limited

On 14 May 2026, the Group and Bank Australia Limited (BAL) announced a Memorandum of Understanding (MoU) to explore a potential merger between the two customer-owned banks. On 31 July 2026 the Boards of both customer owned banks approved a recommendation to proceed to the regulatory application stage of the proposed merger following completion of due diligence. Subject to obtaining the necessary regulatory approvals, eligible members of both organisations will be asked to consider and approve the merger at special general meetings sometime during 2027.

The potential merger would create one of Australia's largest purpose-led customer-owned banks, building on shared values and commitment to customer ownership, and sector leading commitments to sustainability and community impact. Bringing BAL and the Group together would create an entity supporting more than 530,000 customers with total assets exceeding \$30 billion and served by almost 1500 employees nationwide. BAL's strong east coast presence combined with the Group's strength in Western Australia could create a truly nationwide customer-owned bank.

Likely development and results of operations

There are no likely developments that would be expected to have a material impact on the operations of the Group as at the date of this report, aside from the potential merger with BAL outlined above.

Looking forward the environment remains uncertain and subject to change. The Directors consider that these financial statements and the capital, liquidity and credit profile of the Group demonstrate that it is well positioned to navigate the forward environment and remain profitable, liquid and well capitalised over the coming year, whilst it explores the potential merger with Bank Australia.

Significant Changes

There were no significant changes in operations during the period.

Principal Activities

The principal activities of the Group and the Bank were the provision of financial and associated services to members. There was no significant change in these activities during the year.

Events Subsequent to the End of the Financial Year

There were no other material subsequent events identified aside from the potential merger with BAL outlined above.

Environmental Regulation

The Group is subject to environmental regulation in respect of its property developments. All developments have been undertaken in compliance with the necessary planning and environmental regulations.

Insurance of Officers

During the year, a premium was paid in respect of a contract insuring officers of the Bank against liability. The officers of the Bank include Directors, Executive Officers, Company secretary and employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under the insurance contract and the nature of liabilities it covers is prohibited by a confidentiality clause in the contract.

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 35.

Rounding of Amounts

The Bank is a company of a kind referred to in Legislative Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars or in certain cases to the nearest dollar.

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



Gary Humphreys
Director



Monish Paul
Director

Date: 8 September 2026
PERTH WA

Police & Nurses Limited

CONCISE FINANCIAL STATEMENTS 2026



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This concise financial report covers both the separate financial statements of Police & Nurses Limited as an individual entity and holder of the ADI licence (Bank) and the consolidated financial statements for the consolidated entity consisting of Police & Nurses Limited and its subsidiaries (Group). The financial report presentation and functional currency is Australian dollars.

Police & Nurses Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Report of the Directors on pages 27 to 32.

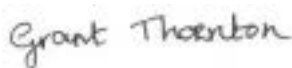
The concise financial report was authorised for issue by the Directors on 8 September 2026. The Directors have the power to amend and reissue the financial report.

Auditor's Independence Declaration

To the Directors of Police & Nurses Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Police & Nurses Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C L Scott
Partner – Audit & Assurance
Sydney, 8 September 2026

www.grantthornton.com.au

ACN-130 913 594

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Statements of Profit or Loss

Year Ended 30 June 2026	Notes	Group		Bank	
		2026 \$000	2025 \$000	2026 \$000	2025 \$000
Interest revenue	5	494,498	492,714	559,039	562,038
Interest expense	5	289,920	301,066	362,640	377,851
Net interest income		204,578	191,648	196,399	184,187
Non-interest income	6	17,117	15,909	24,837	22,960
Total income		221,695	207,557	221,236	207,147
Credit impairment charge/(reversal)		2,052	1,890	2,052	1,890
Operating and other expenses	7	177,307	165,423	176,981	165,599
Total expenditure		179,359	167,313	179,033	167,489
Profit before income tax		42,336	40,244	42,202	39,657
Income tax expense		11,973	12,020	11,823	11,635
Profit after income tax		30,363	28,224	30,379	28,023
Loss attributable to non-controlling interests		-	43	-	-
Profit attributable to members		30,363	28,267	30,379	28,023

The above Statements of Profit or Loss should be read in conjunction with the accompanying notes.

Statements of Other Comprehensive Income

Year Ended 30 June 2026	Group		Bank	
	2026 \$000	2025 \$000	2026 \$000	2025 \$000
Profit for the year from operations	30,363	28,224	30,379	28,023
Other comprehensive income net of tax				
Items that may be reclassified to profit or loss				
<i>Changes in the fair value of cash flow hedges</i>	(4,486)	(2,140)	(4,486)	(2,140)
Items that will not be reclassified to profit or loss				
Changes in fair value of land and buildings	-	762	-	699
<i>Changes in the fair value of financial assets at FVOCI</i>	6,877	4,129	6,877	4,129
Other comprehensive (loss)/income for the period, net of tax	2,391	2,751	2,391	2,688
Total comprehensive income for the period	32,754	30,975	32,770	30,711
Total comprehensive income/(loss) for the year is attributable to:				
Members of the Bank	32,754	31,018	32,770	30,711
Non-controlling interests	-	(43)	-	-
	32,754	30,975	32,770	30,711

The above Statements of Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Financial Position

As at 30 June 2026

	Group		Bank	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Assets				
Cash and cash equivalents	201,376	188,989	107,227	120,368
Financial assets at Amortised Cost	1,263,714	1,215,194	1,284,228	1,235,674
Financial assets held at FVOCI	1,538	9,514	1,538	9,514
Other assets	21,947	20,477	92,259	63,695
Loans and advances	8,278,279	7,884,032	8,278,279	7,884,032
Derivative financial instruments	-	402	-	398
Property and equipment	16,250	20,379	16,250	18,522
Right-of-use assets	15,638	20,103	15,638	20,103
Investments in controlled entities	-	-	2,122	2,122
Intangible assets	16,010	27,188	16,010	27,188
Deferred tax assets	10,101	4,104	10,789	4,926
Total assets	9,824,853	9,390,382	9,824,340	9,386,541
Liabilities				
Deposits	8,234,660	7,663,713	8,234,660	7,663,713
Other payables	21,876	23,535	21,252	22,686
Provisions	11,026	10,720	11,026	10,720
Current tax liabilities	5,888	2,309	5,889	2,307
Lease liabilities	19,992	25,327	19,992	25,327
Derivative financial instruments	7,555	2,077	7,555	2,077
Borrowings	881,754	1,048,379	881,614	1,045,155
Total liabilities	9,182,751	8,776,060	9,181,988	8,771,985
Net assets	642,102	614,322	642,352	614,556
Members' funds				
Reserves	216,961	225,443	219,171	227,234
Retained earnings	200,802	164,540	198,842	162,983
Contributed equity	150,405	150,405	150,405	150,405
Issued capital	73,934	73,934	73,934	73,934
Total members' funds	642,102	614,322	642,352	614,556

(i) Financial assets held at FVOCI: Financial assets held at fair value through other comprehensive income

(ii) Other financial assets held at FVPL: Other financial assets held at fair value through profit or loss

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

Year Ended 30 June 2026

Year Ended 30 June 2026	Group						Total Equity
	Attributable to Members of Police & Nurses Limited					Non- controlling interests	
	Reserves	Contributed equity	Issued Capital	Retained earnings	Total		
	\$000	\$000	\$000	\$000	\$000		
Total members' funds (equity) as at 1 July 2024	225,955	150,719	73,934	137,960	588,569	151	588,719
Profit/(loss) for the year	-	-	-	28,267	28,267	(43)	28,224
Other comprehensive income/(loss)	2,751	-	-	-	2,751	-	2,751
Total comprehensive income/(loss) for the year	2,751	-	-	28,267	31,018	(43)	30,975
Opening adjustment	314	(314)			-		-
Dividends provided for or paid	-	-	-	(5,265)	(5,265)	-	(5,265)
Transfer to other comprehensive income	(3,599)	-	-	3,599	-	-	
Amount transferred to share capital reserve	20	-	-	(20)	-	(108)	(108)
Transactions with owners in their capacity as owners	(3,264)	(314)	-	(1,687)	(5,265)	(108)	(5,373)
Total members' funds (equity) as at 30 June 2025	225,443	150,405	73,934	164,540	614,322	-	614,322
Total members' funds (equity) as at 1 July 2025	225,443	150,405	73,934	164,540	614,322	-	614,322
Profit/(Loss) for the year	-	-	-	30,363	30,363	-	30,363
Other comprehensive (loss)/income	2,390	-	-	-	2,390	-	2,390
Total comprehensive (loss)/income for the year	2,390	-	-	30,363	32,754	-	32,754
Dividends provided for or paid	-	-	-	(4,974)	(4,974)	-	(4,974)
Transfer (to)/from Other Comprehensive Income	(10,893)	-	-	10,893	-	-	-
Amount transferred to share capital reserve	21	-	-	(21)	-	-	-
Transactions with owners in their capacity as owners	(10,872)	-	-	5,899	(4,974)	-	(4,974)
Total members' funds (equity) as at 30 June 2026	216,961	150,405	73,934	200,803	642,102	-	642,102

Year Ended 30 June 2026

	Bank				
	Reserves	Contributed equity	Issued Capital	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000
Total members' funds (equity) as at 1 July 2024	228,124	150,405	73,934	136,648	589,110
Profit/(loss) for the year	-	-	-	28,023	28,023
Other comprehensive income/(loss)	2,688	-	-	-	2,688
Total comprehensive income/(loss) for the year	2,688	-	-	28,023	30,711
Dividends provided for or paid	-	-	-	(5,265)	(5,265)
Transfer (to)/from Other Comprehensive Income	(3,599)	-	-	3,599	-
Amount transferred to share capital reserve	21	-	-	(21)	-
Transactions with owners in their capacity as owners	(3,578)	-	-	(1,687)	(5,265)
Total members' funds (equity) as at 30 June 2025	227,234	150,405	73,934	162,983	614,556
Total members' funds (equity) as at 1 July 2025	227,234	150,405	73,934	162,983	614,556
Profit/(loss) for the year	-	-	-	30,379	30,379
Other comprehensive (loss)/income	2,391	-	-	-	2,391
Total comprehensive (loss)/income for the year	2,391	-	-	30,379	32,770
Dividends provided for or paid	-	-	-	(4,974)	(4,974)
Transfer (to)/from Other Comprehensive Income	(10,474)	-	-	10,474	-
Amount transferred to share capital reserve	21	-	-	(21)	-
Transactions with owners in their capacity as owners	(10,453)	-	-	5,479	(4,974)
Total members' funds (equity) as at 30 June 2026	219,171	150,405	73,934	198,842	642,352

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

Year Ended 30 June 2026

	Group		Bank	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Interest received from loans	435,265	429,932	435,265	429,932
Bad debts recovered	761	133	761	133
Interest received from investments	59,233	62,782	123,774	132,106
Commissions and other income received	16,439	14,890	23,365	22,089
Interest paid - members	(216,083)	(245,850)	(216,083)	(245,850)
Interest paid - borrowing costs	(73,837)	(55,216)	(146,557)	(132,000)
Interest paid - lease liabilities	(498)	(603)	(498)	(603)
Finance costs - securitisation	(409)	(1,008)	(409)	(1,008)
Payments to employees and suppliers	(121,850)	(143,605)	(121,057)	(142,571)
Income taxes paid	(14,280)	(14,289)	(14,280)	(14,159)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	84,742	47,166	84,281	48,069
(Increase)/decrease in operating assets				
Net (increase)/decrease in balance of loans and other receivables	(398,940)	(559,714)	(398,940)	(559,717)
Net decrease/(increase) in Financial assets at amortised cost	(48,577)	10,321	(48,611)	10,321
Increase/(decrease) in operating liabilities				
Net increase in balance of deposits	570,968	663,422	570,968	662,797
Net (decrease)/increase in borrowings from other financial institutions	(166,625)	(210,546)	(163,541)	2,752
Net cash inflow/(outflow) from operating activities	41,568	(49,351)	44,157	164,222
Cash flows from investing activities				
Dividends received	735	533	1,115	1,075
Proceeds from sale of property and equipment	2,376	581	507	540
Payments for property and equipment	(3,117)	(2,103)	(3,109)	(2,103)
Payments for intangible assets	(6)	(4,285)	(6)	(4,285)
Proceeds from sale of financial assets at FVOCI	(17,756)	-	(17,756)	-
(Loans to)/repayments from controlled entities	-	-	(26,637)	(210,350)
Net cash (outflow)/inflow from investing activities	(17,768)	(5,274)	(45,886)	(215,123)
Cash flows from financing activities				
Principal element of lease payments	(6,417)	(6,683)	(6,417)	(6,684)
Member shares issued	136	156	136	156
Member shares redeemed	(157)	(176)	(157)	(176)
Dividends paid to Capital Note Holders	(4,974)	(5,265)	(4,974)	(5,265)
Net cash (outflow)/inflow from financing activities	(11,412)	(11,968)	(11,412)	(11,969)
Net increase/ (decrease) in cash and cash equivalents held	12,387	(66,593)	(13,141)	(62,870)
Cash and cash equivalents at the beginning of the year	188,989	255,582	120,368	183,238
Cash and cash equivalents at the end of the year	201,376	188,989	107,227	120,368

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Concise Financial Statements

Year Ended 30 June 2026

This concise financial report relates to both Police & Nurses Limited as an individual Entity ("the Bank") and the entities it controlled ("PNL Group" or "the Group") at the end of, or during, the year ended 30 June 2026. The parent company of the Group is the Bank.

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

The Bank is a company of a kind referred to in Legislative Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the concise financial report. Amounts in the concise financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1. PRESENTATION CURRENCY

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

2. DIVIDENDS

Dividends during the period relate to fully franked discretionary distributions on the Capital Note and are recognised directly in retained earnings.

3. COMPARATIVE INFORMATION

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

4. MANAGEMENT DISCUSSION AND ANALYSIS

4.1 INCOME STATEMENT

The Group delivered a robust financial performance for the year ended 30 June 2026. Net profit after tax increased 7.6% to \$30.4m (2025: \$28.2m) in a challenging operating environment characterised by multiple changes in interest rates amidst a complex domestic economic backdrop and intense competition in the banking sector, particularly for retail loans and deposits. Key contributors to this performance included:

- Prudent revenue management with total income increasing by \$14.1m (6.8%) primarily due to growth in net interest income of \$12.9m (6.7%) associated with balance sheet growth during the year and stable net interest margins.
- Disciplined expense management with total operating and other expenditure excluding impairments increasing by \$8.6m (5.2%) primarily due to increased technology and personnel costs associated with our ongoing investment in the business. A further \$3.3m (2025: Nil) in intangible asset impairment was recognised during the year for assets where the carrying value was no longer supported by expected future economic benefits.

- Strong credit risk outcomes with delinquency in the loan portfolios remaining low and relatively consistent with the prior year. During the year, in response to increased uncertainty associated with the geopolitical and economic environment, the Group increased loan impairment provisions to 0.10% (2025: 0.08%) of gross loans and advances.

4.2 BALANCE SHEET

At 30 June 2026, the Group's total assets reached \$9.8b, representing an increase of 4.6% relative to the prior year. The primary driver of this increase was growth in our loans portfolios. Net loans and advances increased by \$394m (5%) to \$8.3b at 30 June 2026 as the Group continued its focus on growing the business sustainably.

At 30 June 2026, the Group's total liabilities reached \$9.2b, representing an increase of 4.6% relative to the prior year. The primary driver of this increase was growth in member deposits which form the primary source of funding for the Group. Customer deposits increased by \$571m (7.5%) to \$8.2b at 30 June 2026 as the Group continued to focus on growing the member base, support customers to meet their savings and investment goals and manage liquidity at prudent levels.

Total equity of the consolidated Group increased by 4.5% to \$642m as 30 June 2026 due to net profit after tax for the year of \$30.4m, partially offset by \$4.9m (2025: \$5.2m) in dividends on the Additional Tier 1 Capital Notes issued by the Group in the year ended 30 June 2022.

Regulatory capital ratios improved during the year as a result of the above increases in equity and careful management of growth and risk weighted assets. Common Equity Tier 1 Capital increased to 13.9% (2025:12.7%) and Total Capital increased to 16.1% (2025:14.7%) supporting improved balance sheet resilience and ensuring sufficient to support strategic, growth and risk management objectives in the period ahead.

4.3 CASHFLOW STATEMENT

Total cash and cash equivalents as at 30 June 2026 were \$201m. The components of the movement in cash and cash equivalents is outlined in the Statement of Cash Flows.

Financial assets at amortised cost, which primarily consist of highly liquid assets used by the Group for liquidity management purposes, totalled \$1.3b (2025: \$1.2b). The regulatory liquidity ratio of the Group was 14.6% (2025: 14.6%), well above the minimum prudential requirement and internal targets, ensuring the Group maintains a strong and stable liquidity profile.

Notes to the Concise Financial Statements

Year Ended 30 June 2026

5 OPERATING PROFIT

	Group		Bank	
Interest revenue and interest expense	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Interest income				
Investment securities and deposits with other financial institutions	59,233	62,782	123,774	132,106
Loans and advances (i)	435,265	429,932	435,265	429,932
	494,498	492,714	559,039	562,038
Interest expense				
Members' deposits (ii)	216,083	245,850	216,083	245,850
Borrowings	73,837	55,216	146,557	132,001
	289,920	301,066	362,640	377,851
Net interest income	204,578	191,648	196,399	184,187

The fee income and expenses associated with loan origination have been recognised as part of net interest income.

- (i) Interest accruing on mortgage offset accounts is presented on a net basis within interest revenue, according to the Group's revenue recognition policy.
- (ii) In this note, Members' deposits exclude wholesale term deposits.

6 NON-INTEREST REVENUE

	Group		Bank	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Fee income	8,404	7,907	15,798	14,487
Commissions	7,581	7,277	7,581	7,277
Dividends	735	533	1,115	1,075
Net gain on disposal of property, plant and equipment	314	(60)	273	(60)
Other income	83	192	70	121
	17,117	15,849	24,837	22,900

Notes to the Concise Financial Statements

7 OPERATING AND OTHER EXPENSES

	Group		Bank	
	2026	2025	2026	2025
	\$000	\$000	\$000	\$000
Employee benefits expense	86,993	84,496	86,993	84,496
Fees and commissions	23,314	21,626	23,092	21,333
Information technology costs	20,954	18,878	20,954	18,878
Depreciation and amortisation	18,140	18,352	18,117	18,321
Other general and administration costs	9,655	8,855	9,655	8,855
Marketing costs	6,125	6,163	6,125	6,163
Audit and professional fees	4,038	2,847	3,980	2,801
Building and occupancy costs	3,359	2,655	3,336	2,651
Impairment of non financial assets	3,325	-	3,325	551
Finance costs	1,346	1,611	1,346	1,611
Loss on sale of financial assets held at amortised cost	59	-	59	-
	177,307	165,483	176,981	165,659

8 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED AND OTHER DEVELOPMENTS

At the date of authorisation of these concise financial statements, several new but not yet effective standards, amendments to existing standards and interpretations have been published by the AASB, IASB or IFRIC. None of these Standards or amendments to existing Standards or any interpretations have been adopted early by the Group.

(i) AASB 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) which sets out requirements for the presentation and disclosure of information in general purpose financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The transition provisions of IFRS 18 requires retrospective application. The AASB issued the Australian equivalent of the standard in June 2025. Based on work completed to date, no substantial implementation issues have been identified, and the Group does not currently expect a material impact on its financial position or financial performance.

(ii) Other issued new standards

Other new Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

9 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In August 2026 the Group and BAL announced the successful completion of due diligence having considered the customer and commercial benefits that may be gained from merging the two organisations. For the merger to proceed, several regulatory approvals will be required, including from the Australian Prudential Regulatory Authority (APRA) and the Federal Treasurer prior to bringing the potential merger to the members of each organisation for ultimate consideration and approval. Subject to obtaining the necessary regulatory approvals, eligible members of both organisations will also be asked to consider and approve the merger at special general meetings sometime during 2027.

Directors' Declaration

Year Ended 30 June 2026

The Directors of Police & Nurses Limited declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2026 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2026. The financial statements included in the concise financial report have been derived from and are consistent with the full financial report of Police & Nurses Limited for the year ended 30 June 2026.

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

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



Gary Humphreys
Director



Monish Paul
Director

Date: 8 September 2026
PERTH WA

Independent Auditor's Report

To the Members of Police & Nurses Limited

Report on the audit of the concise financial report

Opinion

We have audited the concise financial report of Police & Nurses Limited ("the Bank") and its controlled entities, which comprises the statements of financial position as at 30 June 2026, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, and related notes, derived from the full financial report of Police & Nurses Ltd for the year ended 30 June 2026 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of Police & Nurses Ltd, complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Bank in accordance with the auditor independence requirements of 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* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Concise Financial Report

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

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The Full Financial Report and Our Report Thereon

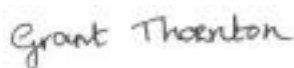
We expressed an unmodified audit opinion on the full financial report in our report dated June 2026.

Responsibilities of the Directors' for the concise financial report

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

Auditor's responsibilities for the audit of the concise financial report

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Claire Scott
Partner – Audit & Assurance

Sydney, 8 September 2026

Police & Nurses Limited

SUSTAINABILITY REPORT 2026



About this report / Introduction

This report represents a complete set of climate-related financial disclosures for the consolidated entity consisting of Police & Nurses Limited and its subsidiaries (PNL or the Group) for the year ended 30 June 2026. PNL's climate-related disclosures have been prepared in accordance with the Australian Accounting Standards Board's (AASB) S2 *Climate-related Disclosures*.

This report has been prepared for the same consolidated reporting entity and reporting period as the Group's Consolidated Financial Statements (please refer to "Note (b) Principles of consolidation" in the financial statements) and has incorporated climate-related information of the parent company and its subsidiaries.

This report was authorised for issue in accordance with a resolution of the directors on 8 September 2026.

Please note disclosure requirements are referenced in footnotes.

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Sustainability Report

1. INTRODUCTION

1.1. Basis of preparation

Connectivity with financial statements

The Sustainability Report has been prepared for the Group in accordance with AASB S2 and should be read in conjunction with the Group's Consolidated Financial Statements for the year ended 30 June 2026. The climate-related financial disclosures cover the same 12-month period and reporting entities as the related Consolidated Financial Statements. In preparing its climate-related financial disclosures, the Group has assessed its strategy, operations and value chain.

First-time adoption of AASB S2 and transition relief

The Group has adopted AASB S2 for the first time for its annual reporting period ending 30 June 2026.

AASB S2 provides transition relief for the first annual reporting period in which an entity applies the standard. PNL has applied the following transition relief:

- relief from disclosing Scope 3 greenhouse gas emissions; and
- relief from the requirement to disclose comparative information in the first reporting period.

1.2. Judgements and measurement uncertainty

Within the Sustainability Report, there may be forward-looking statements or opinions relating to PNL's operations and sustainability objectives or targets. These statements or opinions are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ from the information presented in this Report. There can be no assurance that the actual outcomes will not differ from any forward-looking statements or opinions mentioned. These statements were made as at the date of publication and PNL assumes no obligation to update any forward-looking statements in this report, subject to applicable disclosure requirements.

1.3. Proposed Merger with Bank Australia

On 14 May 2026, PNL and Bank Australia Limited (BAL) announced they had signed a Memorandum of Understanding (MoU) to explore a merger. In August 2026 the Group and BAL announced the successful completion of due diligence having considered the customer and commercial benefits that may be gained from merging the two organisations. For the merger to proceed, several regulatory approvals will be required, including from the Australian Prudential Regulatory Authority (APRA) and the Federal Treasurer prior to bringing the potential merger to the members of each organisation for ultimate consideration and approval.

Subject to obtaining the necessary regulatory approvals, eligible members of both organisations will also be asked to consider and approve the merger at special general meetings sometime during 2027. Climate-related Risks and Opportunities will be re-assessed as part of the combined entity should the merger proceed.

2. GOVERNANCE

The Police & Nurses Limited Board (the Board) is responsible for setting and overseeing the Group's strategic direction including our Environmental, Social and Governance (ESG) Strategy and our Public Climate Action Plan (CAP). The Board holds the ultimate responsibility for overseeing climate-related risks and opportunities including approving climate-related targets and metrics and monitoring performance against any approved targets to ensure alignment with the Group's strategy and risk appetite.

The Board is supported by a structured governance framework that includes the Audit & Sustainability Committee, Risk Committee, CEO and Management Committees and forums.

Figure 1 provides an overview of the Group's climate-related governance framework.

In overseeing risk management, the Board considers climate-related risks and opportunities alongside other enterprise risks within PNL's broader risk management processes. Further detail on how these risks and opportunities are identified, assessed, prioritised and monitored is set out in the Risk Management section (pages 66-67).

2.1. The Board & Board Committees

2.1.1. Board Responsibilities

The Board has ultimate oversight of climate-related risks and opportunities and is responsible for ensuring these are appropriately considered in the Group's strategy, risk management and decision-making processes. In accordance with its Charter, the Board is responsible for:

- Approving the Group's Risk Management Framework (RMF) on an annual basis (including Risk Appetite Statement and Risk Management Strategy).
- Approving the Group's Strategy, ESG Strategy, CAP, any climate-related commitments and monitoring progress in respect of each on a regular basis.
- Approving the Group's annual Sustainability Report, including climate-related risks & opportunities.

The Board has established climate-related targets and commitments, including a commitment to reduce operational greenhouse gas (GHG) emissions and three climate-related

targets. Progress against targets, commitments and related CAP initiatives are monitored by the Audit & Sustainability Committee through regular management reporting (refer to Metrics and Targets section, pages 68-71, for an overview of our CAP and progress against targets and commitments).

To assist the Board in discharging its climate-related responsibilities, the Board has delegated a range of authorities to the **Audit & Sustainability Committee** and **Risk Committee**.

The **Audit and Sustainability Committee** supports the Board in discharging its oversight responsibilities by:

- Overseeing management's implementation of the Group's, ESG Strategy, CAP, monitoring progress against those plans and applicable targets and making recommendations to the Board in respect of material changes.
- Overseeing and monitoring climate-related risks and opportunities and escalating key matters to the Board to inform oversight of emerging risks and priorities.
- Approving the annual climate-related risks and opportunities assessment each year.
- Management provides quarterly updates to the Committee on developments in climate reporting, implementation of CAP initiatives and broader ESG Strategy outcomes. Key matters arising from these updates are escalated to the Board to inform oversight of emerging risks, priorities and resource allocation.

The **Risk Committee** supports the Board in discharging its oversight responsibilities by:

- Recommending the Group's Risk Appetite Statement and Risk Management Strategy to the Board for approval on an annual basis.
- Overseeing and monitoring the risk profile of the Group, which includes climate-related risks.

2.1.2. Board Skills and Competencies

The Board comprises Directors who bring a range of skills, experience and knowledge to their roles. To ensure the Board collectively maintains the capabilities required for effective oversight, a Board Skills Matrix is used to map and assess key required competencies.

The Board has ongoing training and development processes in place, including to support its ability to maintain effective climate governance oversight. During the period ending 30 June 2026, the Board continued to enhance its Directors' climate-related competencies, through training and participation in a range of industry forums, as well as updates via management to the Audit and Sustainability Committee.



Figure 1: PNL Governance Framework

2.2. Executive Management & Management Committees

2.2.1. Executive Management Responsibilities

Our Executive Committee, comprised of the CEO & Managing Director, is accountable for all climate-related activities and implementation of the ESG strategy and CAP. The Committee supports the Board by:

- Reviewing and endorsing the Group-wide assessment of climate-related risks and opportunities to the Audit & Sustainability Committee on an annual basis.
- Overseeing regular (quarterly) reporting from the CFO and Head of Finance & Sustainability to the Audit & Sustainability Committee and Board on progress of the CAP and broader ESG Strategy.
- Overseeing the management of our climate-related risks and opportunities, specifically implementing the processes used to identify, assess, monitor and manage climate-related risks and opportunities across the Group as part of day-to-day risk management activities and using the Group's risk management systems and framework.
- Overseeing regular reporting to the Risk Committee and Board regarding the Group's risk profile and specific related key risk indicators (KRIs).

The CEO and Executive Committee is supported by Business Divisions, the Sustainability Action Group and Project Committees:

- The Sustainability Action Group supports management by promoting the integration of climate and sustainability considerations into business-as-usual activities across the organisation, including through coordination across business areas, education and awareness-raising initiatives.
- Business units identify and assess climate-related risks relevant to their operations and record these in risk assessment registers, which they review in line with our enterprise risk management processes. This supports the consistent identification and monitoring of climate-related risks across the business.
- Management Level Project Committees assist in the governance of initiatives related to our CAP, mandatory reporting readiness and, where relevant, support processes required to deliver business cases for new climate-related initiatives to the Executive and Board for consideration.
- For new projects and initiatives, business cases are required to consider potential climate-related risks and opportunities as part of proposal development. Project teams are supported through internal guidance and training to identify and assess relevant impacts, with outcomes incorporated into management's recommendations to Executive Management and, where relevant, the Board.

The above activities by management are supported by established controls and procedures, including guidance set out in the Climate Change Risk Assessment Guide, which assists risk owners in identifying, assessing and reporting climate-related risks and opportunities.

Further detail on management's role in identifying, assessing, prioritising and monitoring climate-related risks and opportunities is set out in the Risk Management section of this report (pages 66-67).

2.2.2. Executive Remuneration

The CEO and Executive Committee members are assessed against a range of performance objectives on at least an annual basis, with outcomes influencing performance ratings and incentives.

While Executive remuneration is not explicitly linked to climate-related risks or opportunities, performance objectives include assessment of executive performance in stewardship of the Group's strategic priorities in support of its purpose to enrich the lives of our customers and their communities, which includes shared and individual contribution to embedding of the ESG Strategy, consideration of mandatory climate-related disclosures and delivery of the CAP.

3. STRATEGY

3.1. Business model and value chain

PNL is a customer-owned bank operating as two retail brands P&N Bank and BCU Bank. The Group's business model is focused on deposit-taking, residential mortgage lending, commercial lending and the delivery of everyday banking services, supported by centralised corporate and operational functions.

Core operations

PNL's operations comprise the following key activities:

Lending activities

The Group originates and manages residential home loans, which represent approximately 93% of the total lending portfolio. Lending activities include credit assessment, loan origination, ongoing portfolio management, hardship assistance and collections.

Deposit and transaction banking

The Group provides deposit products, transaction accounts and payment services to customers, enabling everyday banking activities.

Customer service delivery

Services are delivered via a combination of branch locations, call centres, digital banking platforms and broker channels. Physical premises (branches and offices) and supporting technology infrastructure enables customer interaction and service continuity.

Corporate and support functions

Centralised functions include Risk & Compliance, Finance, Technology, People and Culture, Products and Propositions, Operations. These functions support the safe and effective operation of the banking business and ensure regulatory, reporting and governance obligations are met.

The effects of climate-related risks and opportunities have been assessed across our complete value chain including:

- Downstream, exposure is concentrated in the residential mortgage portfolio, where physical risks to secured property and insurance affordability may affect borrower outcomes

and collateral values. In addition, transition-related risks may affect customer expectations and result in demand for sustainable products and services.

- Upstream, reliance on technology, data and other material service providers may expose the Group to operational disruption where climate hazards affect critical infrastructure supporting lending, payments or customer services.
- Within our business operations, transition-related risks, including evolving regulatory requirements, may impact internal compliance and reporting processes required to meet climate-related disclosure obligations.

The business model, value chain and related climate-related risks and opportunities presented in this report have been assessed based on PNL's current operations and organisational structure. Should the proposed merger with Bank Australia Limited (Refer section 1.3) proceed, the combined entity would reassess the climate-related risks and opportunities that could reasonably be expected to affect its prospects, including those arising across the expanded value chain. This reassessment would consider the impacts of changes to operations, customers, suppliers, products and services, geographic exposures, and strategic priorities, together with the current and anticipated effects of climate-related risks and opportunities on the organisation's business model, strategy, cash flows, access to finance and cost of capital.

3.2. Climate-Related Risk & Opportunity Lifecycle

In recent years, PNL has strengthened its understanding of climate-related risks and opportunities across its value chain, enhancing transparency on how these matters could reasonably be expected to affect the Group's prospects.

Figure 2 summarises the climate risk and opportunity lifecycle, from identification through to resilience assessment. Further detail on risk identification, assessment, prioritisation and monitoring is provided in the Risk Management section (pages 66-67).

3.3. Time horizons

PNL has defined its climate-related time horizons as follows:

- **Short-term (0-1 year):** aligns with annual business planning and budgeting.
- **Medium-term (2-10 years):** aligns with our Climate Action Plan and emerging transition planning.
- **Long-term (10-30 years):** reflects longer-range strategic considerations, including government net-zero commitments, the Paris Agreement and the duration of PNL's home loan portfolio.

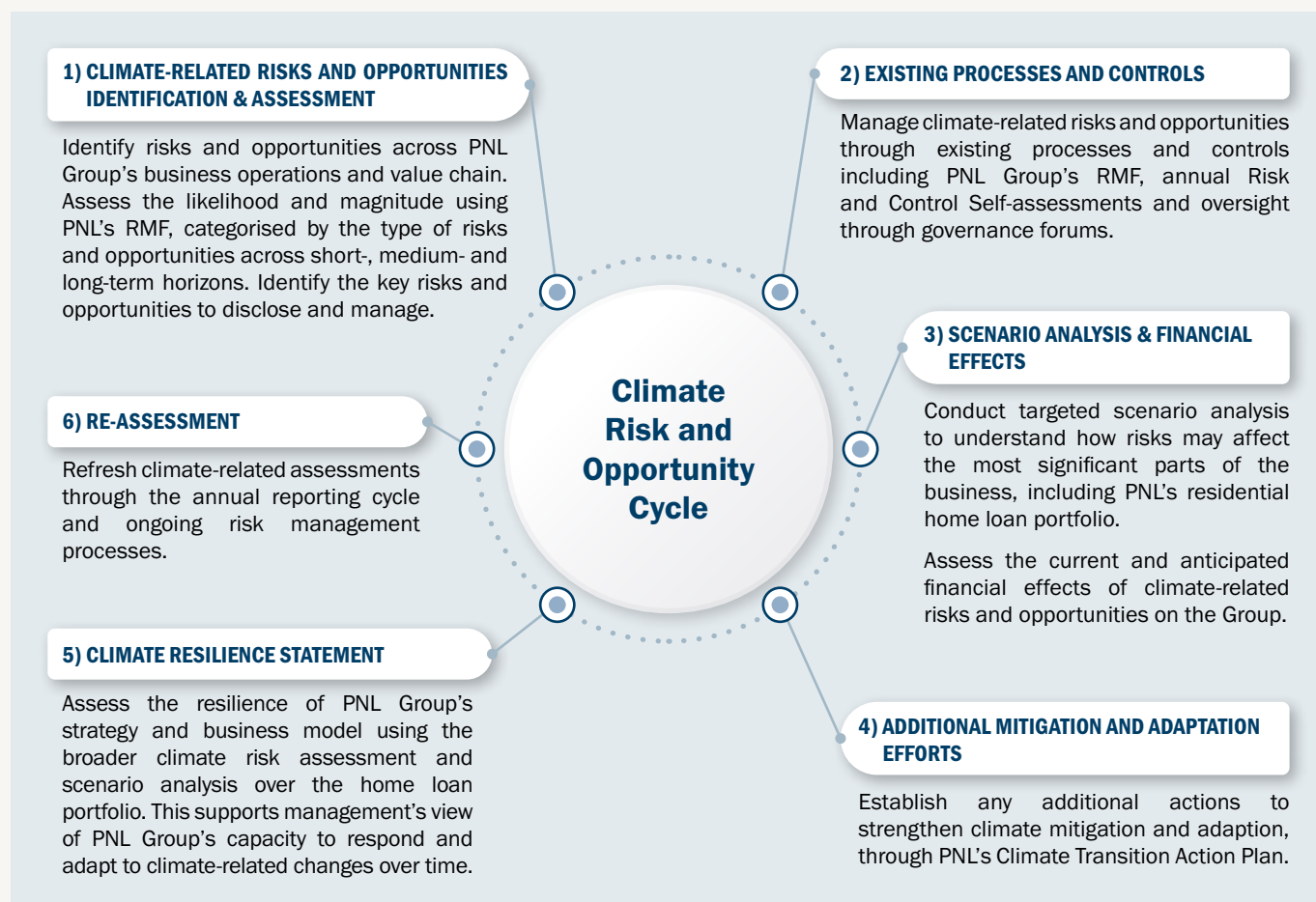


Figure 2: Climate risk to resilience - PNL's climate risk and opportunity cycle

In practice, some risks are already relevant in the short-term, but the risks disclosed below are expected to become more pronounced over the medium to long-term. Based on the analysis undertaken, it is not currently expected that climate-related risks to translate into financial impacts on the Group's performance or cash flows over the short- to medium-term. A detailed scenario analysis has been undertaken over PNL's residential home loan portfolio using 2030 and 2050 timepoints to occur and align with the ranges set out in our time horizons, reflecting the behavioural and contractual profile of residential lending (Refer to scenario analysis on pages 60-65 for further detail).

3.4. Risk and Opportunity Identification & Assessment

Since 2024, PNL has completed an annual Group-wide climate-related risk and opportunity review to enhance its understanding of how climate factors may influence the Group's business activities, operations and financial outcomes in the short-, medium-, and long-term.

This work forms part of the Group's broader approach to strengthening climate risk awareness, supporting long-term resilience and improving transparency in how climate considerations are reflected in decision-making.

For each potential risk, management considered relevant climate-related drivers, including physical risks associated with acute and chronic weather events, as well as transition risks linked to regulatory change, market developments, customer expectations and broader economic conditions. Potential opportunities were assessed alongside risks, including opportunities to respond to changes in customer needs, products and operational practices as the economy transitions.

Each identified climate-related risk or opportunity was then examined to determine its relative significance, taking into account both the probability of occurrence (Likelihood) and potential impacts across a range of dimensions, including customer service impacts, legal/regulatory impacts, employee impacts, reputation/brand impacts, as well as how these effects may translate into financial impacts over time.

This assessment was undertaken using the Group's existing RMF (refer to Risk Management section, pages 66-67), with impacts considered across short-, medium- and long-term time horizons defined above (Strategy section, pages 51-65).

Climate-related matters assessed as potentially relevant to the Group's performance or position were prioritised for deeper analysis and disclosure. The assessment combined quantitative analysis where reliable data was available with qualitative evaluation and management judgement where uncertainty or data constraints existed. The overall objective was to identify climate-related information that could reasonably be expected to influence the decisions of users of the Group's general-purpose financial reports.

The review was carried out by management with input from relevant Risk and Sustainability stakeholders and was overseen through existing governance arrangements.

3.5. Climate-related risks and opportunities

The tables below outline PNL's identified climate-related risks and opportunities. It also summarises the associated financial effects and PNL's assessment of the resilience of its strategy and business model to climate-related changes and uncertainties. In the current reporting period, there were no financial impacts from climate-related risks on the Group's financial position, performance or cash flows, and no adjustments to asset or liability carrying values are expected within the next 12 months. Scenario analysis used to inform risk quantification is provided on pages 60-65.

Further detail on risk identification, assessment, prioritisation and monitoring is included in the Risk Management section (pages 66-67).

3.5.1. Climate-related physical risks

Description	Mortgaged properties within PNL's residential home loan portfolio being exposed to an increased frequency and severity of climate hazards (e.g. heatwaves, floods, storms) compounded with increased cost and reduced access for our customers to home building insurance. This could lead to customer default and impacts to property values. Refer to Note 32c for information on impact of climate-related risks on PNL's credit risk.		
Time horizon	Short	Medium	Long •
Value chain	Upstream	Operational	Downstream •
Current financial effects	During the current reporting period, there were no material financial impacts associated with this risk. The physical risk scenario analysis completed in 2024 predicted that financial impacts in the short-term (<12months) are minimal and given our ability to adapt and sufficient time to do so, this financial impact is not deemed material at this stage. This assessment takes into account the latest available data and considers both the short-term and medium-term outlook for the portfolio. For further details on the methodology applied and the underpinning assumptions refer to section 3.7 Scenario analysis (pages 60-65).		
Anticipated financial effects	Following the same methodology outlined above, the financial impacts are expected to remain broadly unchanged in the medium-term, with the residential home loan portfolio not anticipated to experience any significant or material financial losses due to physical risks within this timeframe. This projection is based on the current data and scenario analysis, which indicate that the risk profile of the residential home loan balance will stay relatively stable for the next few years. It also considers turnover in the mortgage portfolio and PNL's ability to mitigate risks over time through credit policy changes. However, in the long-term, there is an expected increase in the risk level, reflecting the potential effects of worsening climate conditions, increased frequency or severity of extreme weather events, or shifts in insurance availability and costs. Despite this anticipated rise in risk, the overall financial impact is still forecast to be immaterial, suggesting that any potential losses or additional costs are not expected to have a substantial effect on PNL's financial position or financial performance. The Group also has a positive record of working through hardship issues with customers and has a low credit loss history. This ongoing assessment will continue to be refined as new data and climate models become available, ensuring that risk management strategies remain responsive and effective.		
Current mitigation and adaptation efforts	Current mitigation and adaptation efforts include: 1. Monitoring of geographic concentration risk within the lending portfolio. 2. Identification and assessment of high-risk areas at the time of loan origination. 3. Annual reminders sent to customers on the importance of remaining insured.		
Planned mitigation and adaptation efforts	1. Re-assessment of physical and transition risk assessments over residential lending portfolio (including focus on under-insurance climate hazards, every 2-3 years). 2. Assessing data refinement opportunities to understand active insurance coverage using industry data. 3. Enhancements to valuation reports to expand on climate risk scores.		

3.5.1. Climate-related physical risks (continued)

Description	Impacts of climate hazards on the critical infrastructure supported by our material service providers. This could result in disruption or outages which impact our customers' ability to transact.		
Time horizon	Short	Medium	Long •
Value chain	Upstream •	Operational	Downstream
Current financial effects	While severe weather events, including flooding and hailstorms on the East Coast of Australia have caused minor physical damage to PNL branch premises in recent years resulting in temporary outages or relocations, associated financial impacts including repairs and capital expenditure have not been material to PNL in the current reporting period. In addition, climate-related hazards impacting infrastructure operated by third-party service providers has not resulted in any current financial impacts in the current reporting period.		
Anticipated financial effects	Reliance on critical infrastructure outsourced to material service providers that may be exposed to climate-related hazards could result in future operational disruptions where these hazards affect service availability. This may require increased operational expenditure or capital investment to maintain service continuity through alternative arrangements and may also lead to reputational damage if disruptions are prolonged. While the impacts of this risk are expected to be more significant in the long-term, PNL does not anticipate material financial impacts associated with this risk.		
Current mitigation and adaptation efforts	1. The Group's Business Continuity Processes incorporate climate event scenarios, ensuring preparedness for disruptions caused by extreme weather or climate-related hazards. 2. Service level agreements in place with material service providers. 3. The Group's ability to redirect capital resources should alternative arrangements be required to maintain customer services.		
Planned mitigation and adaptation efforts	1. PNL will continue the rollout of the annual vendor questionnaire for all material service providers which includes climate-related disruption and resilience questions.		

3.5.2. Climate-related transition risks

Description	Risk that heightened regulatory scrutiny of environmental and sustainability-related claims, coupled with evolving climate-related regulatory and reporting obligations, results in inadvertent non-compliance, leading to regulatory intervention, financial penalties, remediation costs and damage to the Group's reputation and stakeholder trust.		
Time horizon	Short	Medium •	Long
Value chain	Upstream	Operational	Downstream •
Current financial effects	During the current reporting period, there were no material financial impacts associated with this risk. This outcome can be attributed to proactive risk management strategies, including ongoing governance uplift and Executive and Board oversight. Despite the absence of material financial consequences in the current period, the organisation remains vigilant and continues to monitor, review and adapt its processes to respond to future regulatory developments and associated costs.		
Anticipated financial effects	Over the medium- to long-term, compliance with evolving climate-related regulatory requirements and increasing scrutiny of environmental and sustainability-related claims is expected to result in additional expenditure associated with regulatory monitoring, reporting, governance, controls, employee capability development and specialist external support. PNL will continue to invest in the systems, processes and expertise required to meet regulatory obligations, monitor emerging regulatory developments and, where appropriate, engage external advisers to support compliance activities. While regulatory breaches, investigations or enforcement action could result in penalties, remediation costs and reputational impacts that may affect customer trust, brand value and growth opportunities, PNL actively manages this risk through established regulatory change management, governance and compliance frameworks. These processes are regularly reviewed and enhanced to ensure they remain effective in responding to the evolving climate-related regulatory landscape. Accordingly, while compliance costs are expected to increase over time, PNL does not currently anticipate this risk to have a material impact on its financial performance, financial position or cash flows over the short-, medium- or long-term.		
Current mitigation and adaptation efforts	1. Governance uplift through executive and Board oversight. 2. Utilising internal audit services to conduct reviews of climate-related disclosures, systems, controls and processes. 3. Risk Appetite Statement aligned Key Risk Indicator monitored quarterly around compliance with mandatory climate reporting.		
Planned mitigation and adaptation	1. Establishing a cross-functional team to coordinate and streamline climate-related disclosures and support regular reviews as standards evolve. 2. Continue to upskill Finance & Sustainability teams.		

3.5.2. Climate-related transition risks (continued)

Description	Risk that climate transition policies, regulations and changing consumer preferences associated with the transition to a lower-carbon economy could increase credit losses or reduce the value of residential property collateral. These changes may reduce employment and economic activity in emissions-intensive industries and the regions that depend on them, adversely affecting some customers' capacity to service their home loans. Future minimum energy-efficiency or climate-resilience standards may also require customers to fund property upgrades or retrofits. Where upgrades are not undertaken, affected properties may become less marketable or decline in value.		
Time horizon	Short	Medium	Long •
Value chain	Upstream	Operational	Downstream •
Current financial effects	No material impact on credit losses, asset values or provisioning has been observed in the current reporting period.		
Anticipated financial effects	Scenario analysis completed in the current financial year considered three scenarios across our defined time horizons. The Green Road scenario, which assumes Australia reaches net zero by 2050, the Current Policies scenario, which reflects currently expected policy settings resulting in a slower transition pathway and the HOT House scenario which is designed to reflect a situation where no actions are taken to address climate change.		
Current mitigation and adaptation efforts	1. Reassess our transition risk within the next 3–5 years through the strategic planning process, or, should the proposed merger with Bank Australia proceed, as part of the merged entity's post-merger strategic planning.		
Planned mitigation and adaptation	1. Continued alignment of risk appetite and lending strategy with transition risks. 2. Monitoring of Expected Credit Losses provisioning levels with adjustments to management overlay for climate risk as required.		

3.5.2. Climate-related Opportunities

Description	Growth opportunity for sustainable lending products. For example Consumer lending for home energy upgrades (solar panels, battery management systems), electric vehicles and/or green home loans.		
Time horizon	Short	Medium •	Long •
Value chain	Upstream	Operational	Downstream •
Current financial effects	Demand for sustainable lending products in Australia is emerging, including financing for home energy upgrades, electric vehicles and energy-efficient housing. While these products represent a growing market segment, uptake within PNL's current portfolio remains limited and has not yet resulted in material impacts on lending volumes, revenue or margins in the current reporting period. Initial investment has been required to assess product feasibility, market demand and operational readiness; however, these activities are currently absorbed within business-as-usual processes and have not resulted in material standalone financial impacts.		
Anticipated financial effects	Over the medium- to long-term, increasing customer demand for sustainable finance may present revenue growth opportunities through expansion of the loan portfolio, product differentiation and improved customer retention. This may include increased lending volumes for green home loans, energy-efficient upgrades and electric vehicle financing. Additionally, these products may contribute to improved credit risk outcomes over time, as energy-efficient properties and lower household energy costs may enhance borrower affordability and resilience under certain scenarios. However, realisation of these financial benefits is subject to considerable uncertainty, including evolving customer demand, competitive positioning, regulatory developments and availability of supporting incentives. As a result, the financial impacts cannot currently be reasonably quantified. Implementation may also require upfront and ongoing investment in product development, system enhancements, employee capability and marketing, which may impact cost structures in the short- to medium-term.		
Current mitigation and adaptation efforts	1. Continued assessment of sustainable lending opportunities through annual product roadmap and business planning processes. 2. Integration of climate considerations into project and product development frameworks, ensuring potential climate-related opportunities are identified and assessed in business cases. 3. Monitoring of industry developments and peer offerings to inform product design and positioning in the sustainable finance market. 4. Delivery of customer awareness campaigns to encourage members to reduce their environmental impact, including sustainability tips and guidance. 5. The Group's Sustainability Action Group is working to educate our people and fosters a sustainability-focused culture, strengthening organisational maturity and enabling strategic improvements to customer product offerings.		
Planned mitigation and adaptation efforts	1. Collaboration with external partners, including industry bodies and suppliers, to support product development and access to relevant data and insights. 2. Assessment of new opportunities that may arise from potential mergers. 3. Ongoing capability uplift across Finance, Risk, and Product teams to support development, implementation and reporting of sustainable finance initiatives.		

3.5.3. Climate-related Opportunities (continued)

Description	Purchase and/or generate energy from renewable sources for the Group's branches, offices & motor fleet to mitigate the risk of volatile energy prices and carbon pricing.		
Time horizon	Short •	Medium •	Long
Value chain	Upstream	Operational •	Downstream
Current financial effects	PNL has commenced initiatives to transition its operations to renewable energy, including procurement of renewable electricity, installation of onsite solar across selected freehold properties, and the progressive transition of its motor vehicle fleet to hybrid vehicles as leases expire. During the current reporting period, the Group invested \$0.06m in solar panel installations at owned properties, with all four freehold properties now operating with onsite solar. 14 of 30 (47%) of our operational offices and branches have now transitioned to renewable electricity sources via Solar installation or through the contractual procurement of GreenPower. Fleet transition is being achieved through the natural lease replacement cycle, with 21 of 45 vehicles (46%) transitioned to hybrid or electric vehicles (19 Hybrids, 1x PHEV & 1x BEV) and full transition targeted by 2030. This approach is not expected to increase costs, with a marginal reduction in fuel expenses anticipated. Renewable energy sourcing arrangements (including GreenPower contracts) are expected to involve minimal incremental cost as they are largely achieved through negotiated energy contracts rather than significant capital outlay. To date, these initiatives have not had a material impact on the Group's financial performance, with associated costs and savings largely offset within business-as-usual expenditure. Any benefits from reduced energy price volatility or efficiency improvements have not been material in the current reporting period.		
Anticipated financial effects	Renewable energy initiatives are expected to reduce exposure to electricity price volatility and potential carbon costs over the short- to medium-term, supporting more stable operating expenses. In line with the Group's CAP, PNL is targeting a transition of our branches and offices to renewable energy sources by the end of 2027, with costs expected to be minimal as energy requirements are largely met through negotiated energy contracts rather than significant capital outlay. Over the longer-term, these initiatives may deliver modest cost efficiencies through reduced reliance on grid electricity. Fleet transition forms part of this approach, with petrol and diesel vehicles being progressively replaced with hybrids as leases expire, targeting full transition by 2030. This is not expected to increase costs, with a marginal reduction in fuel expenses anticipated. Overall, while implementation may involve some incremental investment, the financial impact is expected to be low, and the extent of longer-term benefits remains subject to external factors such as energy markets, regulatory settings and technology developments.		
Current mitigation and adaptation efforts	1. Procurement of renewable electricity for offices and branches through contractual instruments (e.g. GreenPower and LGC-backed arrangements). 2. Maintenance of solar panels across owned properties to support on-site renewable energy generation. 3. Transition of the corporate motor fleet towards hybrid and electric vehicles in line with CAP commitments. 4. Monitoring of energy consumption and costs across branches and offices to identify efficiency and transition opportunities.		
Planned mitigation and adaptation efforts	1. Enhancement of energy data and monitoring capabilities to support tracking of consumption, costs and emissions reductions.		

3.6. Climate resilience

We have assessed the resilience of our strategy and business model to climate-related changes, developments and uncertainties through consideration of the outputs of our broader climate risk management processes and targeted climate-related scenario analysis. Our assessment of resilience has been informed by:

- our Group-wide climate risk and opportunity assessment; and
- two separate quantitative scenario analyses over our residential home loan portfolio (representing 93% of our total lending portfolio). Refer to Note 11 in the Group's Consolidated Financial Statements.

These outputs have been used by management to consider how identified climate-related risks and opportunities may affect our strategy, lending practices, operations and capital allocation over time.

Based on this assessment, we have not identified any immediate need to materially change our current strategy or business model in the short- to medium-term. In the short- to medium-term, current exposures within the residential mortgage portfolio are limited and are not expected to materially affect the Group's strategy or business model.

The scenario analysis outputs (described in detail on pages 60-65) indicate that the more significant effects of climate-related physical and transition risks on our lending portfolio are expected to emerge in the long-term.

Overall, PNL considers that it has capacity to adjust and adapt its strategy and business model to climate change over time. We consider the availability of, and flexibility in, resourcing and capital allocation through annual business planning and budget cycles, including actions required to address climate-related risks and opportunities. For each identified risk and each time horizon, PNL has identified treatment and mitigation plans that may be implemented as risks evolve. At present, we have not identified a near-term need to materially redeploy, repurpose, upgrade or decommission existing assets as a result of its climate-related scenario analysis. However, this may need to be considered over time as climate-related risks evolve.

3.7. Scenario analysis

3.7.1. Physical Risk Assessment

For physical risk analysis, scenarios representing both lower- and higher-emissions pathways were used, including a low emissions scenario aligned to Representative Concentration Pathway (RCP) 2.6 and a high emissions scenario aligned to RCP 8.5. The analysis considered conditions across our three defined time horizons. 2024 when the analysis was completed reflecting our short-term time horizon (0-1 years), 2030 reflecting conditions within our medium-term time horizon (2-10 years) and 2050 reflecting conditions within our long-term time horizon (10-30 years). These scenarios were selected to test the portfolio across a range of plausible physical climate pathways and policy environments, and to assess how risk may evolve over the behavioural and longer-dated characteristics of the mortgage book.

The physical risk analysis focused on the residential mortgage portfolio and assessed three core climate-related channels: uninsured physical risks, unaffordable insurance at today's conditions, and unaffordable insurance under future climate conditions. The analysis incorporated property-level and household-level assessment of hazards and transmission effects, including heat stress, coastal hazards, insurance affordability, climate-adjusted property values, loan serviceability and climate-adjusted loan-to-value outcomes. This analysis identified heat stress as the most significant emerging physical risk in the portfolio, with uninsured risks and insurance affordability also assessed as relevant channels of exposure.

The physical analysis included assumptions about the evolution of climate hazards under each emissions pathway, the effect of future climate conditions on property exposure, the affordability and availability of insurance, and the implications of these factors for property values, borrower outcomes and credit risk metrics. The analysis also incorporated geographic differences in hazard exposure and insurance stress across the portfolio.

The outcomes of this assessment indicate that approximately 0.1% of the Group's loan portfolio is currently exposed to medium or high physical climate risk. Under future climate scenarios, this proportion is projected to increase to between 0.1% and 1.0% of the portfolio by 2050 under low and high emissions scenarios. 1.0% of the portfolio would represent approximately \$75 million dollars. Most of the current and projected exposure relates to uninsured perils, particularly coastal inundation risk. Under a high emissions scenario, exposure to additional uninsured hazards, including heat stress, is projected to increase over longer-time horizons.

3.7.2. Vulnerability to physical risks

A quantitative assessment of residential mortgage exposure to climate-related physical risk has been undertaken to support understanding of physical risk exposure within PNL's lending portfolio.

We consider assets to be vulnerable to climate-related physical risk where exposure arises from physical hazards that are not typically covered by residential building insurance (uninsured perils). While insured perils (storm, flood, bushfire and cyclone) may result in physical damage to mortgaged properties, the associated repair or rebuild costs are generally borne by insurers, thereby maintaining the value of the property used as collateral for lending. In contrast, uninsured perils - including coastal inundation, coastal erosion and heat stress - may result in

residual credit risk where the value of the secured property is reduced and is not recoverable through insurance coverage.

Based on the physical risk assessment performed over the residential mortgage portfolio, currently, <0.1% of PNL's portfolio is exposed to uninsured climate-related perils. Under a high-emissions scenario to 2050, less than 0.9% of the portfolio is projected to have medium to high exposure to uninsured climate-related perils, driven primarily by increasing exposure to heat stress.

3.7.3. Transitional Risk Assessment

A climate transition risk scenario analysis was completed on our Residential Home Loan portfolio during the financial year. This analysis considered the impact of Australia's transition to a low-emissions society on PNL credit risk and estimates the loan exposure that is vulnerable to future climate transition risks.

The three transition pathways that were considered were:

- i) The Green Road Scenario (GRN) where Australia achieves net zero emissions by 2050 and limits temperature rises to 1.5°C [RCP2.6 or SSP1-1.9]. The inclusion of the Green Road scenario provided a scenario aligned with the latest international agreement on climate change; and
- ii) The Current Policies Scenario (CPS) that reflects actual policy action taken by Australian governments as well as expected industry action to achieve emissions reductions, resulting in temperature rises of approx. 2.7°C by 2100. [RCP4.5 or SSP2-4.5]
- iii) The HOT House scenario [RCP8.5 / SSP3-7.0] is a baseline scenario that transition risks are measured against and is designed to reflect a situation where no actions are taken to address climate change.

The transition scenarios were considered relevant because they reflect the way transition risk is expected to be transmitted through PNL's lending portfolio: not only through direct exposure to emissions-intensive sectors, but also through broader effects on local economies, employment, household financial margins and property prices in the regions in which borrowers live and work. This was particularly relevant given the geographic footprint of the portfolio and the potential sensitivity of some regional economies to transition-related change.

The transition analysis was undertaken across PNL's home loan portfolio at both aggregate and individual loan levels, using time horizons aligned to PNL's defined short-, medium- and long-term time horizons (Refer to Strategy section on pages 51-65, for further detail on our time horizons), supported by property-level data and regional modelling outputs.

Inputs used in the transition analysis included loan balances, scheduled balances, interest rates, stage of borrower, Lender's Mortgage Insurance status, probability of default, loss given default, property identifiers, property address information and latest valuation data, together with linkages between loans and secured properties. These inputs were combined with economic and household modelling outputs to assess changes in borrower resilience and credit risk under each scenario.

The assessment was conducted at a Statistical Area Level 4 (SA4), which are larger geographic regions which are intended to

represent areas in which people both live and work, as defined by the Australian Bureau of Statistics. Rather than using street address level data, SA4s provide a breakdown of the supply and demand of labour in these areas, which was incorporated into the transition risk assessment analysis.

Key assumptions for each scenario applied in the transition analysis included are detailed in Figure 3.

The estimated multiple economic scenarios (MES) ECL - defined as the probability-weighted average ECL across economic scenarios - is \$2.4m for the home loan portfolio as at 30 November 2025.

The outcomes of this assessment indicate that PNL's portfolio is relatively unaffected by climate transition risk to 2030. However, PNL's expected credit loss (ECL) is projected to increase by 74% by 2050 under the CPS and by 37% under the GRN scenario.

This could increase to \$4.2m and \$3.3m by 2050 under the CPS and GRN scenarios, respectively.

3.7.4. Vulnerability to transition risks

The table below outlines the estimated amount and percentage of our total residential home loan exposure as at 30 November 2025 vulnerable to climate-related transition risks under the CPS and GRN scenarios in the medium- and long-term time horizons.

The residential home loan portfolio balance increased by 2.38% between November 2025, when the analysis was undertaken, and 30 June 2026. This change is not considered significant and is unlikely to have materially altered the composition or risk characteristics of the portfolio. As such, the analysis remains relevant and the results are considered representative of the portfolio at 30 June 2026.

Residential Home Loan book vulnerable to transition risks		
Year	Scenario	
	CPS	GRN
2030	\$23.7m (0.30%)	\$27.4m (0.35%)
2050	\$83.2m (1.06%)	\$45.5m (0.58%)

We have estimated this by identifying loans where the ratio of the Expected Credit Loss (ECL) to the Loan Exposure increases by more than 0.1% under the scenario and time point compared to the current multiple economic scenario ECL.

Under the transition scenarios applied, increases in ECL reflect scenario-driven changes in regional economic conditions - including unemployment, household income and non-discretionary expenditure - which may affect borrower serviceability and collateral values over time through impacts on Probability of Default and Loss Given Default.

The choice of thresholds is necessarily a judgemental number but is done to exclude loans that contribute minimal amounts to the ECL.

Refer to Figure 3 for a scenario analysis summary.

Figure 3: Scenario Analysis

Scenario	Scenario Completed	Temperature alignment	Physical or Transition	Emissions Pathway	Time Horizons	Scenario Outlook
High Emissions Pathway Designed to reflect limited climate change mitigation action	22-Jul-24	3.3 - 5.7 °C by 2100	Physical	RCP8.5	Current, 2030 and 2050	- Global mitigation efforts are limited and GHG emissions continue to increase. - Australia experiences more severe physical climate impacts, including increasing temperatures, more intense rainfall events, higher sea levels, greater bushfire weather risk and increased heat stress. - Physical climate hazards become more pronounced over time, particularly in coastal and heat exposed regions. - Heat stress emerges as a significant physical risk by 2050.
Low-emissions Pathway Designed to reflect strong global mitigation efforts	22-Jul-24	<2 °C warming by 2100	Physical	RCP2.6	Current, 2030 and 2050	- Strong global climate action and emissions reductions limit warming to less than 2 °C by 2100. - Physical climate hazards continue to increase relative to today but at a slower rate than under higher-emissions pathways. - Sea level rise, extreme heat, bushfire weather and severe rainfall events increase, however impacts are moderated by global mitigation efforts. - Physical risks remain concentrated in specific higher-risk locations rather than becoming widespread across the portfolio.

	Additional Scenario Information	Possible Financial effects for PNL
High Emissions Pathway	- The analysis only examines the impact of climate change on bushfire, cyclone, flood, storm, coastal inundation and erosion, and heatwaves. - This pathway is a summary of multiple General Circulation Models, each of which results in different climate projections, and the results are based on the average projection. Actual future emissions will depend on global actions to reduce emissions, the extent of which is unknown. - The analysis has excluded all loans with exposure less than \$0.02 million. - It assumes that loan exposure and property value will remain constant. - Individual borrower circumstances have not changed since loan origination.	Potential impacts include higher home insurance costs, increased insurance affordability pressures, increased borrower serviceability risk, reductions in collateral values and increased credit risk in affected locations. By 2050, approximately \$76 million (1.0%) of PNL's residential mortgage portfolio is assessed as having medium or high physical climate risk, comprising approximately \$6.9 million (0.1%) of high-risk exposure and \$68 million (0.9%) of medium-risk exposure. The increase is primarily driven by coastal inundation, heat stress and insurance-related risks.
Low-emissions Pathway	- The analysis only examines the impact of climate change on bushfire, cyclone, flood, storm, coastal inundation and erosion, and heatwaves. - This pathway is a summary of multiple General Circulation Models, each of which results in different climate projections, and the results are based on the average projection. Actual future emissions will depend on global actions to reduce emissions, the extent of which is unknown. - The analysis has excluded all loans with exposure less than \$0.02 million. - It assumes that loan exposure and property value will remain constant. - Individual borrower circumstances have not changed since loan origination.	Potential impacts include increased home insurance premiums, reduced insurance affordability for some borrowers, increased borrower serviceability pressure and reduced collateral values for properties exposed to coastal hazards. By 2050, approximately \$7 million (0.1%) of PNL's residential mortgage portfolio is assessed as having medium or high physical climate risk, primarily driven by coastal inundation exposure. No material heat stress exposure was identified under this scenario.

Figure 3: Scenario Analysis (continued)

Scenario	Scenario Completed	Temperature alignment	Physical or Transition	Emissions Pathway	Time Horizons	Scenario Outlook
Current Policies Designed to reflect actual policy action taken by the Australian Government as well as expected industry action to achieve emissions reductions*	30-Nov-25	~2.7 °C by 2100	Transition	RCP4.5 / SSP2-4.5	2030 and 2050*	This scenario reflects currently enacted and expected Australian climate policies and industry decarbonisation actions. Economic impacts are uneven across sectors and regions, with employment and economic activity declining in some emissions-intensive industries and increasing in others. The impacts become more pronounced over time, particularly in regions exposed to coal, gas and related industries.
The Green Road Designed to achieve net zero emissions by 2050	30-Nov-25	<1.5 °C	Transition	RCP2.6 or SSP1-1.9	2030 and 2050*	This scenario assumes Australia achieves net zero emissions by 2050, supported by stronger policy intervention. Economic restructuring occurs more rapidly, with accelerated decarbonisation and significant shifts in industry activity, energy systems and employment across the economy.
HOT House Designed to reflect a situation where no action is taken to address climate change	30-Nov-25	>3 °C by 2100	Transition baseline	RCP8.5 / SSP3-7.0	2030 and 2050*	The HOT House scenario assumes limited additional action to reduce emissions. This scenario is used as the baseline against which transition risks are measured. Economic activity continues broadly in line with current industry structures and no material transition-related adjustments are assumed.

*Note: The modelling approach assumed no transition-related impacts in our short-term time horizon (0- 1 year). Accordingly, transition-related scenario analysis focused on 2030 and 2050 time horizons.

	Additional Scenario Information	Possible Financial effects for PNL
Current Policies	- Phasing out of coal electricity generation by 2030. Likely to impact Mining and Electricity generation sectors. - EV penetration increasing to 90% by 2050. Likely to impact Transport and Electricity generation sectors. - 50% Biodiesel share for heavy vehicles. Likely to impact Transport and Manufacturing sectors. - Replacement of gas and coal with electricity for industrial heat by 2050. Likely to impact the Manufacturing sector. - Agricultural practices evolve to reduce nitrous oxide emissions. Likely to impact the Agriculture sector. - Action by other countries reducing demand for Australian coal and LNG due to the EU, North America, China and East Asia pursuing net zero emissions by 2050-60. - No growth assumed from asset value appreciation. All figures are in current (as at November 2025) dollars. - Research from the RBA has been applied, which assumes that a 1% increase in unemployment rates results in 0.3% increase in households with a negative financial margin. - In line with guidance of the Australian Prudential Regulatory Authority, the analysis is based on a static portfolio of risks. It has assumed no change in PNL's overall exposure between 2025 and 2050, with new loans replacing exposure from exiting loans. - The analysis only examines the impact of a transition to a net zero economy. It does not consider the impact of climate change on bushfire, cyclone, flood, storm, coastal inundation and erosion, and heatwaves. It does not consider the impact of other climate-related issues such as drought, air pollution or the socioeconomic or the full extent of migration caused by climate change.	The scenario shows PNL's expected credit losses increase from approximately \$2.4 million to \$4.2 million by 2050. Increased unemployment and reduced household financial margins in transition-exposed regions drive higher credit risk. The largest impacts arise in Western Australian regions, including Perth and Bunbury, due to PNL's portfolio concentration and regional industry exposures. The Current Policies scenario resulted in a larger increase in expected credit losses than the Green Road scenario.
The Green Road	- Assumptions as per Current Policies. - Introduce a uniform GHG tax to drive emissions to achieve 50% reduction in 2030 and net zero in 2050.	This scenario assumes a more rapid transition to a lower-emissions economy, the modelling indicates that stronger and more coordinated transition actions support the development of alternative industries and economic activity, partially offsetting adverse impacts on employment and household financial capacity. The scenario predicts that PNL's expected credit losses would increase from approximately \$2.4 million to \$3.3 million by 2050. While some regions benefit from the transition, increased credit risk remains concentrated in areas with exposure to vulnerable industries. Bunbury and Western Australia-Outback experience some of the largest relative increases in credit risk under this scenario.
HOT House	- Includes current expectations of growth in each sector without allowing for climate change. - No increase in share of electric vehicles (EVs). - Modest increase in renewable electricity generation.	This scenario forms PNL's baseline credit risk position, with expected credit losses remaining broadly consistent with current assumptions. No additional transition-related increase in expected credit losses is assumed.

4. RISK MANAGEMENT

Risk Management | Climate Intersection

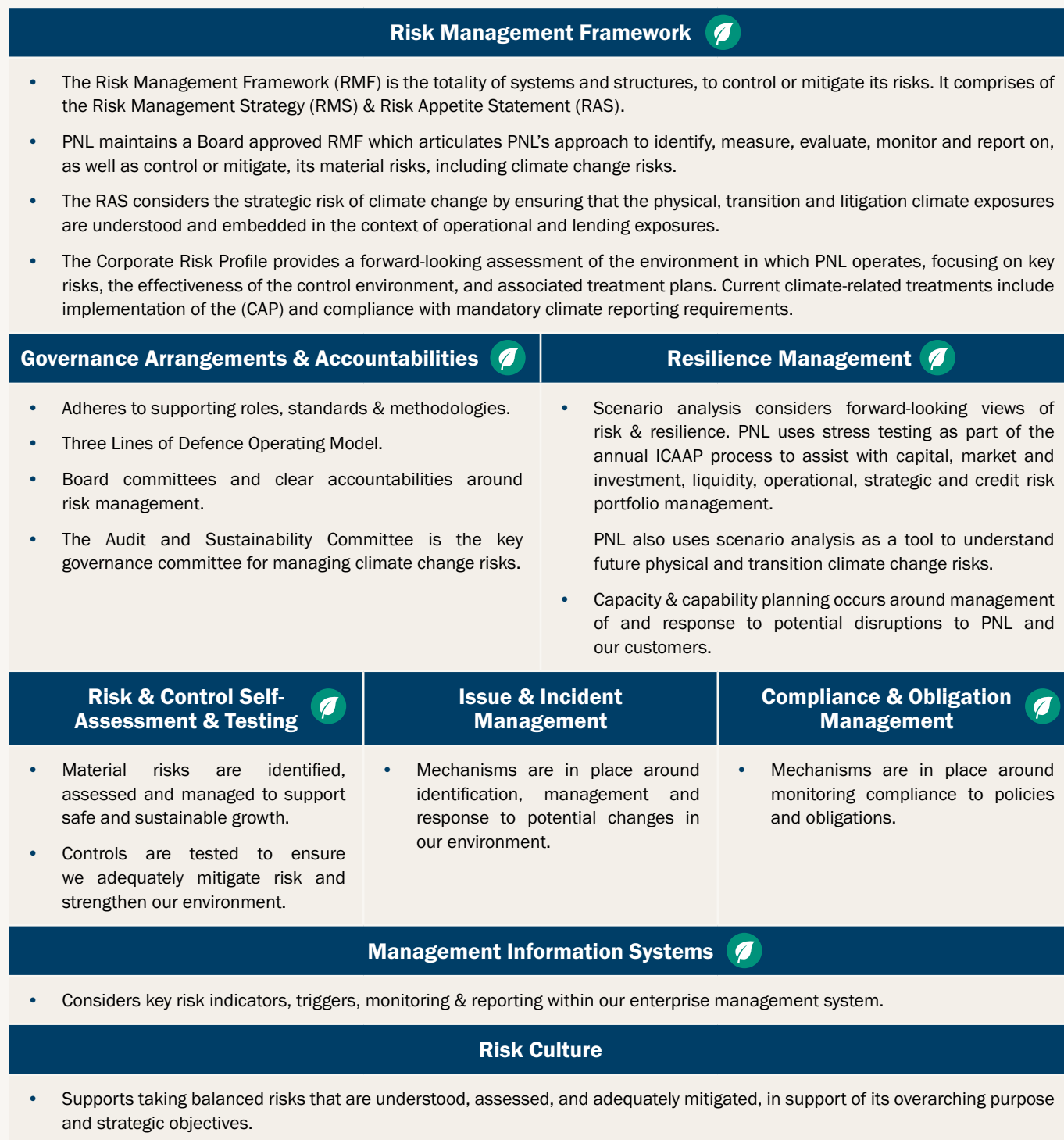


Figure 5: Risk Management Framework

 = Climate Change Risks Considered

4.1. Our Risk Management Framework

Climate-related risks and opportunities are integrated into PNL's enterprise RMF (refer to Figure 5) and reflected in the Group's Risk Appetite Statement (RAS). Our Corporate Risk profile, which sets out a forward-looking assessment of the environment relevant to key enterprise risks, provides a comprehensive assessment of the potential financial, operational, and reputational risks associated with climate change.

Climate-related risks and opportunities are progressed through a defined end-to-end process. Identification and initial assessment are undertaken, following which relevant risks and opportunities are reported to governance forums and assigned to accountable business risk owners for ongoing management and monitoring.

Our approach reflects a risk-based mindset that is proportionate to our size, scale and complexity, and is informed by APRA's expectations regarding the management of climate change risk (including the need to understand interactions with other risk types, establish clear accountabilities, use appropriate tools and metrics, and review exposures over time). Further details on the process are provided in the following sections (Refer to section 4.2, 4.3 and 4.4).

4.2. Identification and assessment of our Climate-Related Risks and Opportunities

The identification of climate-related risks and opportunities began with a workshop facilitated by an external consultant, which generated a broad list of potential risks and opportunities. This list was refined using industry data, an industry study on customer-owned banks, and input from the executive team.

An annual review of climate-related risks and opportunities was undertaken this financial year and prioritisation of climate-related risks was undertaken using the Group's risk matrix evaluation framework, which assesses the likelihood and impact of the risk, and the existing controls we have in place to mitigate the risk.

Monitoring of climate-related risks occurs through PNL's established RMF processes and governance structures, which include ongoing risk reviews, escalation protocols, and reporting to the Board and Board Committees. These processes ensure that climate-related risks are re-assessed annually, updated as exposure changes and escalated in line with the Group's risk appetite and governance requirements.

Operational accountability continues to follow the Three Lines of Accountability model:

- The **First Line**, comprising business units and operational teams, accountable for ownership and management of climate-related risks and opportunities within their day-to-day activities.
- The **Second Line**, Risk and Compliance, accountable for the RMF, providing tools and guidance for climate risk assessment, and independently monitoring the effectiveness of controls.
- The **Third Line**, Internal Audit provides assurance on selected regulatory requirements. External Auditors, audit annual financial statements and related disclosures.

To ensure accountability and escalation are clear, each risk entry assigns an accountable risk owner (and, where relevant, shared ownership across functions), and flags whether the risk is considered relevant for reporting purposes. Business areas review and refresh these assessments in line with our RMF and established review cycles, including through our risk and control self-assessment processes, so that ratings, controls, and treatment actions remain current as conditions and expectations evolve.

At an operational level, consideration of climate risks and opportunities is included within the new project initiation process. This prompts teams to consider whether a proposed initiative could increase climate-related risk or unlock a climate-related opportunity and supports more consistent consideration of climate factors in business change activity without overstating the extent of Group-wide integration.

Where relevant, opportunity actions are incorporated into our planning and delivery processes and monitored through existing governance and reporting channels.

4.3. Inputs and parameters used in our assessment

PNL's climate-related risk assessment process draws on a combination of internal and external inputs and is integrated within its existing enterprise risk management practices as described above. Key inputs include stakeholder workshops with senior management and executive team members from across the Group to identify and refine climate-related risks and opportunities, in addition to industry research, including Customer Owned Banking Association studies.

The parameters and scope of the assessment considers both PNL's own operations and its broader value chain, including consideration of risk exposures relevant to our lending activities, operations, customers, suppliers and communities we serve.

4.4. Prioritising and monitoring climate-related risks and opportunities

Climate change is recognised as a strategic risk and is considered alongside other business risks within PNL's broader RMF. Climate-related risks are prioritised using PNL's standard risk assessment approach, including residual risk ratings, risk acceptance requirements and escalation pathways. Where residual risks are above appetite, treatment plans and target risk ratings are documented and monitored through established risk management processes.

Climate-related risks are monitored through business risk registers, an annual Risk and Control Self-Assessment completed by management teams to evaluate all risks and their ratings, and through a Group-wide climate risk assessment register.

Risks are reviewed and refreshed in line with the RMF, with relevant risks loaded into enterprise risk system for ongoing monitoring and reported to the Audit & Sustainability Committee. Specialist assessments, including scenario analysis and modelling, are updated periodically, or sooner where conditions or risk exposures materially change.

5. METRICS AND TARGETS

5.1. GHG emissions

The table below summarises our operational Scope 1 and Scope 2 GHG emissions, expressed in metric tonnes of carbon dioxide equivalent (tCO₂-e), for the reporting period. In 2026, our total absolute gross emissions were 653 tonnes of CO₂-e. This included 128 tCO₂-e of Scope 1 and 525 tCO₂-e of Scope 2 (location-based). We also measure and calculate Scope 2 market-based emissions as part of our 100% renewable electricity commitment for our offices and branches, which accounted for 281 tCO₂-e.

Metric	FY26
Scope 1 (absolute gross) – tCO ₂ -e	128
Scope 2 (absolute gross) – tCO ₂ -e (market-based)	281
Scope 2 (absolute gross) – tCO ₂ -e (location-based)	525

Note: Estimation techniques were applied where complete operational activity data was not available, including extrapolation of consumption data and use of spend-based assumptions for emissions calculations.

5.2. Our approach to measuring GHG emissions

The operational control approach is applied in determining the GHG emissions boundary, which requires PNL to account for 100% of emissions from operations where it has the full authority to introduce and implement operational policies.

Under this approach:

- **Scope 1 emissions** include GHG emissions from sources that are within PNL Group's operational control, including emissions from fuel use for transportation purposes and refrigerants used by air conditioning equipment.
- **Scope 2 emissions** include emissions associated with purchased electricity consumed in offices and branches using the location-based approach.

Key inputs to our GHG emissions calculations include operational activity data sourced from internal financial and asset management systems (including energy bills, vehicle usage and facilities data), and third-party fleet information for company vehicles. Where complete activity data was not available, reasonable estimation techniques were applied, including extrapolation of missing consumption data using site-level averages, conversion of spend-based data to activity metrics using invoice-derived assumptions and application of average leak rates and equipment charge assumptions for refrigerants where model-specific data was unavailable.

Emission factors were sourced from the Australian Government National Greenhouse Accounts Factors 2025. In addition, leak rates and average refrigerant charges were sourced from the Cold Hard Facts Report published by the Department of Climate Change, Energy, the Environment and Water. GHG emissions quantification is subject to scientific uncertainty arising from incomplete scientific knowledge about the measurement of GHG, as well as estimation and measurement uncertainty resulting from the calculation processes used to quantify emissions within the bounds of existing scientific knowledge. Reported emissions

are based on historical data and reasonable estimates. Actual emissions may differ due to changes in operations, data quality improvements, or updates to emission factors.

PNL has voluntarily disclosed Scope 2 emissions using a market-based approach, as specified by the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) as amended by the Greenhouse Gas Protocol Scope 2 Guidance.

The market-based approach reflects emissions associated with purchased electricity based on the specific contractual arrangements and instruments through which electricity is procured. This information has been provided voluntarily to demonstrate the impact of renewable electricity procurement on our emissions profile. We have measured and calculated market-based emissions using metered electricity consumption (kWh) from our offices and branches, adjusted for renewable electricity purchases. Renewable purchases include 100% GreenPower contracts with EnergyAustralia and Synergy Electricity, which covered 14 offices and branches during the reporting period.

The transition to renewable energy presents a climate-related opportunity. Refer section 3.5.3 for further detail.

5.3. Other cross-industry metrics

5.3.1. Alignment to climate-related opportunities

Since the launch of our CAP in FY24, we have invested in Climate Active's Carbon Neutral Certification for Organisations, solar panels for our freehold properties, negotiating renewable energy contracts for our branches and offices, and providing education opportunities for our employees. In FY26, the investment in these opportunities amounts to \$0.300m - \$0.400m of spend or 0.003% - 0.004% of total assets.

Further work is underway to develop methodologies to quantify the fleet transition investment and further refine the proportion of business activities aligned with climate-related opportunities across the Group's lending and operational activities.

5.3.2. Capital deployed towards climate-related risks and opportunities

In addition to the investments outlined above that are aligned to climate-related opportunities, PNL has deployed capital towards initiatives that support the management of identified climate-related risks, including expenditure associated with addressing the risk of non-compliance with regulatory requirements (Refer to Strategy section on pages 51-65, for further detail on our climate-related risks and opportunities).

The total current year investment associated with initiatives to address climate-related risks and opportunities is estimated at approximately \$0.529 million for the reporting period. This estimate reflects initiatives for which a specific financial commitment has been identified to date and excludes activities that are integrated within broader business-as-usual expenditure and have not been separately quantified.

5.4. Our Climate Action Plan

Our 2024-2026 Climate Action Plan (CAP) includes a combination of targets that are clear, measurable, trackable and time-bound, as well as broader commitments that support the Group's strategic response to climate-related risks and opportunities but are not presented as formal climate-related targets.

Refer to our Annual Report for an update on our progress against our Climate Action Plan Commitments.



Figure 6: Focus areas within PNL's CAP

5.5. Our commitments and progress

While our internally set climate-related targets have not been validated, management has committed to reducing our operational Scope 1 and Scope 2 absolute emissions by 40% by 2030 from an FY24 baseline, as outlined in our Climate Active Public Disclosure Statement. As at FY26, Scope 1 and Scope 2 absolute emissions have reduced by 51% from our 2024 baseline. Note: Under Climate Active's Carbon Neutral Standard for Organisations, electricity emissions have been set by using the market-based approach. This target considers this approach.

PNL has also committed to achieving net zero operational emissions¹ by 2050, consistent with the recommendations of the UN Paris Agreement. A pathway to achieve this target is currently being developed in line with the commitments outlined in our Climate Action Plan. This pathway will be reviewed and reassessed if the proposed merger with Bank Australia proceeds, to ensure alignment with the strategy, emissions profile and net zero commitments of the merged entity.

In FY26, our Scope 1 emissions (direct emissions from owned or controlled operations) are calculated to be 128 tCO₂-e, representing a 27% reduction from our FY24 baseline. This reflects continued progress under our CAP to transition our motor vehicle fleet to lower-emission alternatives.

In FY26, our Scope 2 emissions (indirect emissions from purchased electricity) are calculated to be 281 tCO₂-e, representing a 58% reduction from our FY24 baseline. This reflects continued actions under our CAP, including transitioning offices and branches to renewable electricity and installing onsite solar generation.

Tables 1, 2 and 3 provide detailed progress updates on other commitments under our Climate Action Plan.

Metric definitions used to inform our targets

Further information on the definitions, calculation methods and assumptions applied in measuring progress against our climate-related targets (Outlined in our Climate-related targets, pages 70-71) is provided below.

1 Total Scope 1 and 2 emissions

5.6. Climate-related targets

Target	Maintain carbon neutral certification under the Climate Active Carbon Neutral Standard for Organisations.
Metric	Status of Climate Active Carbon Neutral Certification. Based on the Climate Active Carbon Neutral Standard for Organisations (Australian Government).
Objective	Mitigation
Part of the entity to which the target applies	Group Wide
Period	Ongoing
Base period	2024
Milestones and performance against the target to date	We have been certified Climate Active Carbon neutral under the Australian Government program since FY24 and retained this certification for FY25. Given the Australian Government's recent announcement to cease the Climate Active program we will consider the need to continue offsetting our emissions as part of future strategic planning cycles.
Alignment with jurisdictional commitment	Informed by the latest international climate agreements (Paris).
Validation by third-party	Verification status determined through the Climate Active certification process.
Review process	Target progress is reported to Executive Committee and Audit and Sustainability Committee quarterly.
Metrics for monitoring progress	Certification received / Application submitted within required timelines.
Method, limitations, assumptions	Determined by confirmation of certification received or application submitted within required timelines. Inputs include internal certification tracking and application documentation. Limitations include reliance on external certification review timelines and the retrospective nature of certification, which relates to prior-year operational emissions (i.e., FY25 emissions in FY26) rather than emissions generated during the current reporting period.
Revision	Any revision to the target will be disclosed and explained in the annual climate-related report. No revisions have been made to the target in the current period.

Target	Source 100% renewable energy for our offices and branches by the end of 2027.
Metric	Percentage of branches transitioned to renewable energy sources by the end of 2027. Represents the proportion of operational offices and branches supplied by renewable electricity relative to total operational offices and branches. Internally defined.
Objective	Mitigation
Part of the entity to which the target applies	Group Wide
Period	Current - 2027
Base period	2024
Milestones and performance against the target to date	14 (out of 30) or 47% of our operational offices and branches have been transitioned.
Alignment with jurisdictional commitment	Informed by the latest international climate agreements (Paris)
Validation by third-party	Not third-party validated
Review process	Target progress is reported to Executive Committee and Audit and Sustainability Committee quarterly & is contained in the Finance business plan.
Metrics for monitoring progress	Proportion (%) of total operational offices and branches that have been converted to renewable energy sources.

5.6. Climate-related targets (continued)

Target (continued)	Source 100% renewable energy for our offices and branches by the end of 2027. (continued)
Method, limitations, assumptions	Progress towards the target is calculated as the number of operational offices and branches transitioned to renewable electricity supply divided by the total number of operational offices and branches at the reporting date. A site is considered transitioned where sufficient renewable electricity arrangements are in place to cover 100% of the site's annual electricity consumption. This may include a combination of on-site solar generation and GreenPower contractual arrangements procured through the site's electricity provider. Four sites currently have on-site solar generation. As the solar generation at these sites does not fully meet annual electricity demand, additional GreenPower is procured to cover the remaining electricity consumption. Inputs used in the calculation include electricity supply agreements, GreenPower purchasing information, solar generation data and energy provider billing and contract information. The metric is based on renewable electricity procurement and generation arrangements and does not require all electricity consumed at a site to be physically sourced directly from on-site renewable generation. Changes to the operational footprint, including office or branch openings, closures, relocations or acquisitions, may affect the metric over time.
Revision	Any revision to the target will be disclosed and explained in the annual climate-related report. No revisions have been made to the target in the current period.

Target	Transition our motor fleet to hybrid, plug-in hybrid and battery electric vehicles by the end of 2030.
Metric	Percentage of total corporate fleet transitioned to hybrid, plug-in hybrid or battery electric vehicles by the end of 2030. Internally defined.
Objective	Mitigation
Part of the entity to which the target applies	Group Wide
Period	Current - 2030
Base period	2024
Milestones and performance against the target to date	21 (out of 45) or 46% of our motor vehicle fleet has been transitioned to hybrid or electric vehicles. (19 Hybrids, 1x PHEV & 1x BEV)
Alignment with jurisdictional commitment	Informed by the latest international climate agreements (Paris)
Validation by third-party	Not third-party validated
Review process	Target progress is reported to Executive Committee and Audit and Sustainability Committee quarterly & is contained in the Finance business plan.
Metrics for monitoring progress	Proportion (%) of total corporate motor fleet vehicles that are hybrid, plug-in hybrid or battery electric vehicles.
Method, limitations, assumptions	Calculated as number of hybrid, plug-in hybrid and battery electric vehicles divided by total corporate fleet vehicles. Inputs include internal fleet registers and vehicle classification by technology type. Limitations include sensitivity to fleet additions or retirements and potential classification inconsistencies. Assumes fleet inventory is complete and vehicle classifications accurately reflect technology type.
Revision	Any revision to the target will be disclosed and explained in the annual climate-related report. No revisions have been made to the target in the current period.

5.7. Internal carbon price

No internal carbon price is currently applied in decision-making.

Directors' Declaration

In the opinion of the directors of Police & Nurses Limited (PNL or the Group), I state that the Group has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report of the Group and its subsidiaries (collectively the Group) for the year ended 30 June 2026, as presented on pages 49 to 71, are in accordance with the *Corporations Act 2001*, including:

- (a) Complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures and any further requirements determined under section 296C(2) of the *Corporations Act 2001*; and
- (b) Containing the climate statement disclosures required by section 296D of the *Corporations Act 2001*.

Made in accordance with a resolution of the directors of PNL pursuant to section 296A(6) of the *Corporations Act 2001*, as modified by section 1707C(2) of the *Corporations Act 2001*.

On behalf of the board.



Gary Humphreys

Director



Monish Paul

Director

Date: 8 September 2026

PERTH WA

Auditor's Independence Declaration

To the Directors of Police & Nurses Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of the specified sustainability information in the Sustainability Report of Police & Nurses Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review of the specified sustainability information in the Sustainability Report; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M C Bragg
Partner – Audit & Assurance

Brisbane, 8 September 2026

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Independent Auditor's Review Report on Specified Sustainability Disclosures of Police & Nurses Limited

To the Members of Police & Nurses Limited

Review conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Police & Nurses Limited and its controlled entities (the Group) for the year ended 30 June 2026 as required by Australian Standards on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i> (AASB S2) (including related general disclosures required by Appendix D)	Location in the Sustainability Report
Governance	Paragraph 6	Section 2 to Section 2.2.2
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section 3.4 and Section 3.5 to Section 3.5.3 ("Description" only)
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 5.1 and Section 5.2

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit.

Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

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Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to January 2025 (the Code), together with the ethical requirements in the Act, that are relevant to our review of specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Other information

The directors are responsible for the other information. The other information comprises the Group's Annual Report, including the Financial Report and the Sustainability Report, but does not include the specified Sustainability Disclosures and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- a The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- b Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent limitations in preparing the specified Sustainability Disclosures

The sustainability matters have the following inherent measurement or evaluation uncertainty:

- a Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.
- b As discussed in Section 1.2 of the Sustainability Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Sustainability Report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Auditor's responsibilities for the assurance of the specified Sustainability Disclosures

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- a Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control; and
- b Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

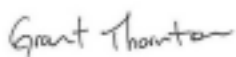
Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures performed included, but were not limited to:

- a Enquiry of relevant personnel to understand the process for collecting, collating and reporting the specified Sustainability Disclosures during the reporting period;
- b Considering the completeness of the Group's assessment of climate-related risks and opportunities based on management's process and judgements;
- c Assessing the appropriateness of the reporting boundaries applied;
- d Agreeing a sample of specified Sustainability Disclosures in the Sustainability Report with the underlying records;
- e Agreeing a sample of underlying emissions data to supporting documentation, including evaluating the appropriateness of the emissions factors applied in management's calculations;
- f Evaluating whether management has appropriately applied the requirements of AASB S2 and the GHG Protocol in developing estimates used to report emissions, and whether the methods for developing such estimates are appropriate and have been applied consistently;
- g Evaluating the presentation and disclosure of the specified Sustainability Disclosures against the requirements of AASB S2;
- h Evaluating the methods, assumptions and data used for developing selected estimates and forward-looking information and evaluating how these methods were applied; and
- i Evaluating the work of work of management's expert, including their objectivity, competence, capabilities and findings, with respect to selected sustainability information.

Our procedures did not include assessing the adequacy of design or operating effectiveness of controls, assessing the adequacy of the Group's governance framework and processes or separately developing our own estimate to compare with the Group's estimates.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M C Bragg
Partner – Audit & Assurance

Brisbane, 8 September 2026

Grant Thornton Audit Pty Ltd

GLOSSARY

Key Terms	Description/Definition
AASB	Australian Accounting Standards Board.
AASB S2	Australian Sustainability Reporting Standard S2: Climate-related Disclosures.
BAU	Business-as-Usual scenario or operations.
CAP	Climate Action Plan.
CPS	Current Policies Scenario used in climate-related transition risk analysis.
ECL	Expected Credit Loss.
ESG	Environmental, Social and Governance.
GHG	Greenhouse Gas emissions.
GRN	Green Road climate transition scenario aligned with a net-zero emissions pathway.
HOT	Hot House climate transition scenario reflecting limited climate mitigation action.
IPCC	Intergovernmental Panel on Climate Change.
KRI	Key Risk Indicator.
LGD	Loss Given Default.
MES	Multiple Economic Scenario Expected Credit Loss.
PNL	Police & Nurses Limited.
RAS	Risk Appetite Statement.
RCP	Representative Concentration Pathway climate scenario published by the Intergovernmental Panel on Climate Change (IPCC).
RMF	Risk Management Framework.
SA4	Statistical Area Level 4, as defined by the Australian Bureau of Statistics.
tCO₂-e	Metric tonnes of carbon dioxide equivalent.



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