100 YEARS
1925-2025
RACQ
ROADSIDE ASSISTANCE

2024–2025
Annual Report

RACQ

Overview

About RACQ

RACQ is one of Australia's most trusted brands owned by and working for the benefit of our more than 1.7 million members. Our purpose 'to drive a positive future for all Queenslanders' guides our strategy, operations, products, and the way our people show up every day on the road, on the phone and in our stores supporting members with their insurance, roadside, banking and solar energy needs.

In FY25, RACQ celebrated 100 years of roadside assistance and 120 years of supporting Queenslanders through advocacy. While much has changed over that time, our team's commitment to helping our members move and live safely, securely and sustainably remains steadfast.

About this report

Our FY25 Annual Report provides an overview of our financial and non-financial performance for the period of 1 July 2024 to 30 June 2025. In combining our Annual Report and key metrics from our For the Greater Good Report we can present a more holistic view of RACQ's performance and progress made against our strategic, financial and sustainability priorities.

RACQ Foundation trip to Thursday Island 2024

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Acknowledgement of Country

RACQ acknowledges the Traditional Custodians of the countries throughout Queensland and recognises their continuing connections to the lands, waters, and skies. We pay our respects to all Aboriginal and Torres Strait Islander cultures; and to Elders past and present.

RACQ is proud to operate in a nation that is home to the oldest continuous culture on Earth, dating back more than 65,000 years and continues today.

However, we recognise there is still much work for us to do to achieve meaningful reconciliation. We acknowledge that reconciliation must live in the hearts, minds, and actions of all Australians as we move forward, creating a nation strengthened by respectful relationships. In partnership with Aboriginal and Torres Strait Islander peoples and communities, RACQ has pledged to become part of the solution through our Reconciliation Action Plan.

FY25 Highlights

Members

193,521
total insurance claims lodged[1]

736,924
Roadside Assistance jobs[2]

$700m
RACQ Bank loans funded

Operations

$48.0m
net surplus after tax[3]

$1.4b
total net assets

$1.8b
total revenue

People

2,736
employees

74%
employee engagement score (3% increase on FY24)[4]

52%
women in leadership roles

Community

$6.4m
provided to charities and communities across the State[5]

7,874
community volunteer hours through RACQ initiatives[6]

58,713
participants in RACQ road safety education programs[7]

Environment

55%
Scope 1 and 2 emissions reductions since FY20[8]

132
public EV charging sites supported by RACQ sponsorships and investments[9]

774
residential solar systems and battery systems installed through RACQ Solar

Governance

65%
of the Risk Transformation Program complete[10]

83.2
RepTrak score[11]

Completed Pricing Promises remediation program

1. General Insurance excluding CTP and travel insurance.
2. Total Roadside Events (includes roadside, towing, member and community, business/commercial events).
3. Statutory net surplus after tax including $68.2m income tax expense for the RACQ Insurance transaction.
4. Data provided on a voluntary basis through the annual confidential Your Voice survey in March 2025. Employee engagement is a metric that represents the levels of enthusiasm employees feel towards their organisation. It captures more than just job satisfaction or feeling happy at work – it's a measure of how motivated people are to put in extra effort for their organisation, and a sign of how committed they are to staying there.
5. Includes community sponsorships, donations, investments in RACQ owned regional EV charging assets, RACQ education programs, RACQ Foundation grants and assistance projects and volunteering by RACQ employees. Does not include commercial sponsorships or RACQ enabled employee and member fundraising activities.
6. Includes RACQ employees, Friends of the Foundation and trade volunteers.

7. Includes road safety education programs delivered in-person or virtually.
8. Our reported FY20-25 greenhouse gas (GHG) emissions are rounded to the nearest whole number and have been calculated using Schneider Electric's energy and sustainability management platform, EcoStruxure™ Resource Advisor. Our Scope 2 emissions were calculated by applying the voluntary market-based methodology outlined in the National Greenhouse and Energy Reporting Measurement Determination and aligns with the greenhouse gas accounting methodology represented in the Greenhouse Gas Protocol Scope 2 Guidance.
9. Includes RACQ sponsored Queensland Electric Super Highway, RACQ owned EV charging stations, and co-branded EV charging stations located in QLD and Northern NSW owned and operated by Evie Network.
10. 60 out of the 92 activities within the Risk Transformation Program have been completed and independently assessed.
11. Average FY25 monthly score. RepTrak measures the reputation of the largest companies operating nationally every quarter.

Message from President and Chair

Leona Murphy

Dear members,

As Chair of the State's largest member-owned organisation[1], I'm proud to report that the 2025 financial year has been a year of strategic transformation and celebration as we marked the 100-year anniversary of our roadside assistance business. While much has changed over the years we are proud to remain a trusted partner for Queenslanders today, and in the future. Our more than 1.7 million members represent over 48%[2] of Queensland households and this year we strengthened our commitment to driving a positive future for all who live in our great state.

The year has been marked by decisive action and forward-thinking leadership. We successfully evolved our business model through the strategic partnership with IAG, secured critical infrastructure funding for the Bruce Highway, and made significant investments in the services that will define the next era of mobility and home in Queensland.

Strategic evolution

RACQ has navigated one of the most significant evolutions in our 120-year history. Our landmark 25-year partnership with IAG will strengthen and broaden RACQ Insurance's proposition in the market, bringing together two organisations aligned to providing accessible insurance for Queenslanders and ensuring we are there for our members when they need us most.

The partnership represents more than a business transaction - it's an evolution that allows us to focus on what we do best: advocating for our members, delivering exceptional mobility and roadside assistance solutions, and driving positive change across communities.

The board has overseen substantial progress in our Risk Transformation Program, ensuring RACQ emerges stronger and better positioned to serve members in a rapidly changing landscape. This work builds the operational excellence that will underpin decades of future service to Queenslanders.

Strong financial foundation

RACQ delivered a strong financial result in FY25, with a net surplus after tax of $48.0m. This was largely driven by the solid performance of our three business lines, insurance, bank and assistance. The overall result was impacted by a $68.2m income tax expense for the RACQ Insurance transaction.

The financial position of the Group enables us to take a considered approach to our future investments.

Delivering for Queensland

From Cape York to the Gold Coast, RACQ's impact is felt across Queensland. We are proud of our advocacy efforts to help secure critical road safety funding for the Bruce Highway. It's a testament to our influence when we champion policy changes that matter to Queenslanders.

Our Member Benefits program helped ease cost-of-living pressures, while our community investment exceeded $6.4m. Part of this funding supported recovery and resilience building following the first cyclone to hit South East Queensland in 50 years and significant flooding in North Queensland.

Future-ready leadership

The board is focused on positioning RACQ to be at the forefront of Queensland's transition to renewable energy and electric mobility.

We are making progress on the opportunity to make energy more affordable and meet the growing demand for home solutions through our solar business with the installation of solar, battery and charging solutions. We continue to investigate the role RACQ should play to help Queenslanders with their home energy management needs.

The shift to renewable energy and electric vehicles presents unprecedented opportunities, and RACQ is well placed to be Queensland's trusted guide through this transformation.

Board changes and continuity

This year brought significant changes that strengthens our governance capabilities. We welcomed new directors Mark Rearick and Richard Umbers, whose expertise and experience perfectly align with RACQ's strategic direction. Mark's automotive and mobility expertise will be invaluable in guiding the Club's mobility strategy and Richard's experience in consumer-facing organisations and digital transformation will support RACQ's digital strategy.

We welcome Liz Savage to the board in September. Liz brings significant experience in customer experience, marketing, and tourism. Liz fills a vacant position and will stand for election at October's AGM.

We bid farewell to Duncan Brain and John Minz, and Rob Hubbard who retires in September 2025. All three distinguished directors' contributions have been invaluable.

Looking ahead with confidence

As we move into FY26 and beyond, RACQ stands ready to help Queenslanders in the way they move and live. Our strong financial foundation, strategic partnerships, and unwavering focus on increasing member value position us to not just adapt to change, but to drive it in ways that benefit all Queenslanders.

Our Club is owned by our members, operates for the benefit of members and community, and is committed to driving a positive future for this state we all love. That's not just our purpose; it's our promise to every Queenslander who supports us with their membership.

In closing

As I approach my fourth year as President and Chair, I'm filled with pride and optimism. We are not just preserving RACQ's legacy - we are actively writing the next chapter of service to Queensland.

I want to thank our exceptional team at RACQ, my board colleagues who provide meaningful governance, and most importantly, you, our members, who continue to support our Club.

Together, we are building a Queensland where everyone can move and live safely, securely, and sustainably. Together, we are driving a positive future for all Queenslanders.

Leona Murphy
President and Chair

1. National Mutual Economy Report 2025 – Business Council of Co-operatives and Mutuals.
2. Calculation is based on Queensland Government Statistician's Office Queensland Household data compared with RACQ household data.

Message from Managing Director and Group CEO

David Carter

Dear members,

It has been a pivotal year for RACQ. We strengthened our foundations, while innovating for tomorrow. Through creating strategic partnerships and advancing our digital capabilities, we're building a stronger business and laying the groundwork to help our members move and live safely, securely and sustainably.

Our 25-year strategic partnership with IAG marks a new chapter in how we support Queenslanders. This milestone reflects our unwavering commitment to delivering trusted insurance solutions that evolve with the needs of our communities.

Advocacy that delivers results

Being a voice for our members remains central to our purpose. This year, we partnered with leading Queensland organisations to help secure critical government funding to fix the Bruce Highway. The results from our sustained 'Fix the Bruce' campaign reflect the strength of persistence, the impact of collaboration, and the power of evidence-based advocacy in delivering vital transport infrastructure that benefits every Queenslander.

Our road safety campaigns tackled high-risk driving behaviours, championing stronger law enforcement to protect Queenslanders on the road. We also invested in comprehensive research into South East Queensland's fuel price cycle, advocating for transparency and competition that benefits all motorists.

Community support and resilience

Our policy engagement also continued to push for greater investment in natural disaster resilience, protecting the communities most vulnerable to extreme weather events.

In the aftermath of Tropical Cyclone Alfred and flooding in North Queensland, we responded with both immediate relief and long-term recovery support. Our $1 million community support package delivered essential supplies through partners like FareShare Australia and Thread Together, as well as a special $500,000 RACQ Foundation disaster recovery grant round that helped sporting clubs, charities, and community groups rebuild and recover.

This response reinforces our commitment to being there for Queenslanders in their most challenging moments and helping to build a more resilient State.

Our people and culture

Our people remain RACQ's greatest asset, with employee engagement reaching 74% - a 3% increase that reflects our ongoing investment in workplace culture and development. The impressive 92% participation rate in our engagement survey demonstrates our team's commitment to our organisation and the work we do for our members.

During the year, Amanda Adams and Ben Johnston were promoted to the roles of Chief Transformation Officer and Chief Information Officer, respectively.

Performance of business lines

Our net surplus after tax was $48.0m, which included the recognition of $68.2m of income tax expense associated with the RACQ Insurance transaction.

During the year, our commercial businesses all performed strongly, helping to deliver a $166.4m pre-tax surplus, which included $38.3m of expenses relating to Group's transformation activities and several one-off items related to the insurance business. As a profit-for-purpose organisation, we strive to run a sustainable business, while delivering on our member commitments. We have maintained a strong capital position, with our regulated insurance and bank entities holding capital well above board targets.

Insurance

The insurance business delivered an after-tax profit of $126.7m, driven by reserve releases following our exit from the CTP scheme, strong growth across our core portfolios and solid investment income.

Despite the significant disruption and damage caused by Tropical Cyclone Alfred in the south-east, our personal lines net incurred claims fell by $44.1m compared to the previous year. This was largely due to the Cyclone Reinsurance Pool, which covered a substantial portion of home claim losses from the cyclone. RACQ has long supported the Pool and we recognise the role it plays in supporting accessible insurance for those living in high cyclone-risk regions where there has been some premium relief for homeowners.

During the year, we simplified our products with a focus on making it easier for our members. This included modifying or simplifying discounts and introducing new rating factors for some products. An area of continued focus is to reduce the number of complaints in relation to insurance claims.

Assistance

Our Assistance business achieved a net profit after tax of $48.6m, and importantly our Net Promoter Score remained strong at 88.9% and member satisfaction increased to 94.9%. We opened two new Auto stores, and expanded our automotive portfolio to include glass services, ADAS recalibrations, mechanical repairs, logbook servicing, and battery solutions. We also introduced a new, cost-effective roadside offering, Everyday Lite, to ensure roadside support remains accessible.

Bank

RACQ Bank reported a net profit after tax of $9.8m, driven by a 10.5% increase in net interest income, an uplift in net interest margin, and disciplined expense management. Net interest margin rose from 2.09% to 2.15%, supported by robust loan and retail deposit growth, and a favourable shift in loan mix as fixed-rate loans matured from historically low rates.

The loan portfolio grew by 9.4%, equating to 1.7 times system growth, primarily in owner-occupied housing loans. Mortgages 30+ days in arrears declined to 0.51%, down 11 basis points. Retail deposits increased by $189.5m and continue to be a stable source of funding, representing over 92% of the Bank's lending portfolio.

In closing

As we look to the future, we draw strength from our centenary of providing roadside assistance services while embracing opportunities to help our members navigate Queensland's transition to a more sustainable energy future.

We're committed to supporting all of our members, wherever they are on the journey, embracing opportunities to help those ready to move toward renewable energy and sustainable mobility, while remaining a trusted partner for members who are not yet ready to make a change.

We are Queensland's Club - born here, raised here, and committed to our state's future. Our 120-year legacy of advocacy is not just our history; it paves the way for the next century of innovation, advocacy, and member support.

I would like to thank our people for their unwavering support for our members and dedication to our purpose, to drive a positive future for all Queenslanders.

To our valued members, thank you for being part of our Club. Your membership enables the positive impact we make across Queensland every day.

David Carter
Managing Director and Group CEO

Celebrating our legacy of service

This year, RACQ celebrated two significant milestones – 120 years since the formation of Queensland's largest Club and 100 years since it began patrolling the State's roads to assist motorists.

The Club's origins date back to 31 May 1905[1] when 12 of Brisbane's early adopters of motorised vehicles gathered in the city's CBD to form the Automobile Club of Queensland (ACQ). Many founding members were medical professionals who viewed motor vehicles, rather than horses and carriages, as a reliable and efficient way to visit patients at home or in hospital.

Initially, members met for regular 'runs' around Brisbane's streets. However, it wasn't long before the Club began advocating for improved road conditions and better road signage affecting Queensland's first motorists.

In 1921, the ACQ became RACQ when King George V approved the addition of the 'Royal' prefix in recognition of the Club's patriotic efforts during World War I.

Four years later, in March 1925, RACQ's roadside assistance service was established. Two mechanics were commissioned to patrol Brisbane's roads on weekends, assisting motorists with their vehicle problems. This service was required given the growing demand for motor vehicles rather than horses as a form of transport around Brisbane and this was evidenced by Ford establishing their first Australian plant for the Model T Ford in Geelong the same year.

Initially, these patrols supported all motorists, but by November 1925, assistance was restricted to members due to growing demand for the service.

The following year, the patrol fleet expanded to eight vehicles equipped with tools, essential spare parts, fire extinguishers, and first-aid kits.

Since those early days of offering basic roadside assistance, RACQ has become part of Queensland's social fabric, serving, supporting, and advocating on behalf of more than 1.7 million members.

Patrol officer George Clark, one of the two mechanics appointed to provide motorcycle patrols each Sunday on the north and south sides of Brisbane.

Today, patrols carry diagnostic equipment, and our call centre leverages AI technology to better support members and deliver a real-time 24/7 service as their travel needs evolve, and people drive to more remote destinations.

RACQ is proud to continue this tradition and now operates the State's largest roadside assistance network, with more than 750 vehicles providing 24/7 support to members from Cape York to the New South Wales border.

From its humble beginnings as a small group of Brisbane's earliest motorists to becoming Queensland's largest club, RACQ has continuously adapted to the evolving landscape of transport and technology to better serve members.

That legacy of service will continue as we remain Queensland's trusted roadside partner for decades to come.

1. A Road Well Travelled - RACQ's First 100 years by Robert Longhurt, published 2006.

Transformational partnership to support Queenslanders

On 28 November 2024, RACQ announced a landmark 25-year strategic partnership with IAG, one of Australia's leading general insurers. This marks a new era in how RACQ will support Queenslanders with their insurance needs now, and into the future.

The RACQ board and executive team firmly believe the partnership will deliver value for members, insurance policy holders and RACQ employees, while enabling the Club to invest in and accelerate its 2032 strategy – to be the trusted partner for our members, providing solutions to help them move and live safely, securely and sustainably.

Partnership with purpose

The partnership is a positive step forward for Queenslanders, combining RACQ's trusted legacy with IAG's scale and innovation. The partnership promises greater choice, enhanced support and innovative solutions for when Queenslanders need it most. It also enables new employment pathways and career opportunities for the dedicated employees who support the insurance business and care deeply for our members.

What this means for members

RACQ and IAG are aligned to a compelling vision to build a safer, more resilient Queensland and maintain a deep commitment to supporting accessible insurance. Together, the two organisations will grow RACQ Insurance, offering members and Queenslanders quality insurance products and enhanced digital experiences.

Under the new partnership, RACQ will continue to support insurance policy holders through our locally based stores and contact centres, and our employees transitioning to IAG will remain at our Eight Mile Plains head office. IAG will manage claims, products and pricing.

Investing in a brighter future for all

Beyond the growth of RACQ Insurance, the partnership allows RACQ to invest in and accelerate its 2032 Strategy which includes developing new products and services that help members with their mobility and home needs.

It will also give the Club the ability to scale the work we do within our communities to create meaningful change in helping to solve some of Queensland's biggest challenges in the areas of road safety, community resilience and making mobility more accessible for all Queenslanders.

Next steps

The regulatory process, which included reviews by the Australian Competition and Consumer Commission and Australian Prudential Regulation Authority was finalised subsequent to year-end and the transaction is expected to be complete in FY26.

RACQ and IAG are dedicated to ensuring a seamless transition with minimal disruption for members. RACQ Insurance policy holders can be assured their existing policy remains unchanged, and claims will continue to be managed with care.

Key highlights

- RACQ retains a 10% equity interest in RACQ Insurance and maintains the role of marketing, sales and service
- IAG will manage underwriting, claims, and product development
- The partnership includes an upfront consideration of $855m, with proceeds reinvested into accelerating the Club's 2032 strategy
- RACQ Insurance employees will remain at RACQ's Eight Mile Plains head office

Our sustainability framework

RACQ's *'A Force for Good'* framework is made up of four key pillars that capture the Club's sustainability activities, including areas of focus, outcomes, metrics, and our alignment to the United Nations Sustainable Development Goals (SDGs). The progress made against these pillars is reported annually in this report.

Following a review, we have refined the number of SDGs aligned to RACQ's purpose. This allows us to focus our efforts where we can have the greatest impact.

Our focus areas

People

Thriving together

Focus Areas:

- → Improving member satisfaction, experience and benefits
- → Building on our diverse and inclusive culture

Community

Safe at home and on the road

Focus Areas:

- → Advocating for safe driving and safer, connected roads
- → Supporting climate-resilient communities

Environment

Treading lightly on the earth

Focus Areas:

- → Supporting Queensland's transition to a low-carbon future
- → Working towards net-zero[1] and circular operations

Governance

Trusted by Queensland

Focus Areas:

- → Renewing and innovating our business model
- → Leading with integrity and transparency

1. Our definition of net-zero is based on the Insurance Council of Australia Climate Change Roadmap, that net-zero is a state in which Green House Gas (GHG) emissions have been lowered at least 90% verses a baseline year, with remaining emissions neutralised via nature-based or technological carbon removals.

Our contribution to the United Nations Sustainable Development Goals

The United Nations developed and adopted SDGs in 2015 to achieve a more sustainable future for all by 2030. Many companies and industries around the world have aligned their sustainability aspirations with the SDGs and use them as a benchmark to track their progress. Further details can be found on the United Nations website.

There are 17 sustainability goals which consist of 169 targets. Below are the five that RACQ is aligning to:

3 Good health and well-being

Working to reduce the number of deaths and injuries from road traffic accidents.

SDG Target 3.6

58,713
participants in RACQ road safety programs across Queensland

152
students participated in the ARTIE Academy Learner Drivers Licencing Program, with 60 students securing their Learner Licence and 73 their Provisional Licence.

Advocated for major changes to e-scooter rules following the results of the RACQ-sponsored Jamieson Trauma Institute research into e-mobility traumas and injuries.

8 Decent work and economic growth

Providing equal employment opportunities and access to financial services.

SDG Target 8.5

SDG Target 8.10

74%
employee engagement score

$1.4m
invested in employee external training and development

52%
women in leadership roles

11 Sustainable cities and communities

Contribution towards safe, affordable, accessible, and sustainable transport.

SDG Target 11.2

132
public EV charging sites supported by RACQ sponsorships and investments

Partial owner of Chargefox - EV charging network[1]

Partnership with Evie Networks, one of Australia's leading electric vehicle DC fast charging networks

Continued to advocate for government intervention to fix Queensland's failing fuel market

12 Responsible consumption and production

Supporting responsible consumption and production patterns for our operations and supply chain.

SDG Target 12.5

SDG Target 12.6

84%
GreenPower certificates for electricity consumption[2]

9
EV chargers installed at Eight Mile Plains office for RACQ fleet and employees who own EVs

83.2%
RepTrak score (brand trust and reputation)

13 Climate action

Improving mitigation and strengthening resilience and adaptive capacity to climate-related hazards and natural disasters.

SDG Target 13.1

SDG Target 13.3

$834,313
resilience grants approved

7
new resilience partnerships established

55%
Scope 1 & 2 emissions reductions since FY20

1. Partial ownership through Australian Motoring Services.
2. GreenPower is electricity from emissions-free renewable generation like wind and solar power accredited by Federal Government and the Clean Energy Regulator.

Members

Supporting our members

As Queensland's largest Club, RACQ remains committed to driving strong member satisfaction and engagement while continuing to advocate on their behalf and offer highly valued products and services.

Getting members back on the road

In FY25, the RACQ Roadside Assistance fleet responded to 736,924 calls across Queensland, helping 91.8% of drivers get back on the road with an average response time of 34.7 minutes.

As vehicles become increasingly reliant on technology, issues such as software updates draining batteries and mobile app malfunctions are becoming more common. Battery-related problems remained the primary reason for callouts for members (262,788). The team also responded to 56,412 calls for flat tyres, 19,851 for vehicle lockouts, and 5,588 calls from members who had run out of fuel.

We have expanded our core offerings to include new auto services for both internal combustion engine and electric vehicles. This strategy includes the growth of our Auto store model and broadening the range of services and products to meet motorists' evolving needs. The NPS score for our Assistance business remains strong at 88.9% and member satisfaction increased to 94.9%.

Protecting what matters

During the year, RACQ Insurance received 193,521[1] insurance claims, paying out more than $988m to our members and suppliers within our community to facilitate the settlement of these claims. We supported members impacted by three severe weather events including Tropical Cyclone Alfred – one of Australia's most significant natural disasters in recent history. As of 4 July 2025, RACQ received 22,011[2] insurance claims relating to these severe weather events, and 67.8% had been finalised.

We seek to learn from every disaster, continually improving how we respond and support our members. This includes providing more training for our people, boosting our resources and streamlining the claims process with our suppliers. We recognise the emotional toll that natural disasters have on our members, and we continue to upskill our frontline staff to provide support and solutions to meet our members' needs.

Helping homeowners and savers

RACQ Bank issued $700m in new lending in FY25 with a focus on owner-occupiers. To help our mortgage holders we passed on the RBA cash rate reductions in full and continue to offer some of the most competitive rates in market.

At the same time, we grew our deposit portfolio by 8.4% as we continued to offer compelling saving and term deposit rates. This has been particularly important for our members who rely on income from their deposits. We also maintained our physical footprint with 27 stores and agencies along the Queensland coast from Cairns to the Gold Coast, and west to Warwick.

Educating members on how to detect scams and fraudulent activities remains a key priority. This year we supported the Be Connected program, an Australian Government initiative delivered in partnership by the eSafety Commissioner, the Department of Social Services and Good Things Australia to provide free online courses and resources to help improve the online confidence, skills and safety of older Australians.

Responding to vulnerability

In FY25, RACQ identified and provided support options to 4,372 members experiencing vulnerability. Support options included referrals to external support services, reviewing existing products and coverage to identify opportunities for financial relief, and engaging communication services (i.e. translator services).

During the year we observed a substantial increase in various vulnerability areas (i.e. types), including financial hardship, language and communication vulnerabilities, age related vulnerabilities, situational vulnerabilities (which includes individuals recovering from traumatic events (i.e. natural disasters) or time specific events such as job loss), disabilities, and mental health. We continue to focus on how we improve our systems and processes to identify and support vulnerable members.

FY25 commitments

Performance: ● Achieved ● Partially achieved ● Not yet achieved

FY25 commitments	Performance	
Reduce member complaints relating to insurance claims	Total insurance complaints[3] (44,478) increased 23.9% on the prior year, with pricing concerns and claims management being key drivers. A program of work continues to be in place to uplift complaints management and claims handling to reduce claim and settlement delays. We will also work with IAG in FY26 under the strategic partnership to reduce the number of insurance complaints.	Not yet achieved
Simplify our existing product and service offerings	A major insurance project was successfully delivered in November 2024 to simplify our processes and reduce the complexity of how we price insurance. This included modifying and simplifying some discounts, automating others and introducing new premium factors.	Achieved
Create new member relationships with our Lifestyle membership	The relaunch of RACQ Lifestyle in July 2024 provided a cost-effective way for Queenslanders to access the benefits and discounts associated with being an RACQ member. Since then, we have seen some members with the Lifestyle product transition to other RACQ products including Motor, Home and Pet Insurance, Banking, Roadside Assistance and Travel.	Achieved
Expand Auto store locations and services	Opened new RACQ Auto stores in Nerang and Caloundra, expanded our Geebung store and introduced several new services including EV vehicle inspections, EV battery health certification, fitting and replacing tyres, vehicle breakdown repair services and vehicle logbook and periodic servicing.	Achieved

1. General insurance excluding CTP and travel insurance.
2. Includes RACQ Home, RACQ Motor and Honey Insurance claims.
3. Based on complaints recorded as insurance in Connect, RACQ's internal complaints management system.

Case Study

Auto stores at the forefront of changes in mobility

RACQ Auto is a modern automotive store offering a wide range of services under one roof. The stores serve as one-stop shops for members and non-members, offering vehicle services including **glass repairs, ADAS recalibration, mechanical work, logbook servicing, and battery solutions**.

We have been able to respond to the call of a member broken down on the side of the road, tow them to one of the stores, install a new starter motor and get them back on the road within two hours. Another member, visited with a windscreen issue, but coincidentally, her car wouldn't start just as she was about to leave. Our team quickly diagnosed a failed alternator and battery, sourced the parts, completed the repairs, did a full service, and addressed a faulty rear seat mechanism – all within a short timeframe.

As we continue to grow and expand our auto services, we're also adapting to changes in mobility to ensure we continue to meet the needs of our current and future members.

FY26 member priorities

- Expand Auto services to deliver greater member value and convenience
- Help members benefit from Federal Government rebates on solar panels and batteries through RACQ Solar
- Reduce the price of roadside assistance products

Key Metrics

		FY25	FY24
Total number of members		1,754,855	1,728,461
Net promoter score (member relationship)[1]		67.6	67.5
Member Benefits program savings	($)	21,682,356[2]	21,883,924[3]
Number of people using Member Benefits program		473,839[4]	561,067[5]
Member complaints and dispute resolution[6]			
Total complaints[7]		56,760	45,587
Total complaints resolved in 5 days	(%)	81.4	79.7
Total complaints resolved in 30 days	(%)	95.4	94.9
Total AFCA complaints[8]			
Insurance AFCA complaints		1,076	892
Bank AFCA complaints		26	28

1. Average FY25 monthly score. Net Promoter Score (NPS) is a proprietary model developed by Bain and Co, which measures customer loyalty. NPS results are measured via a survey question and reported on a range from -100 to 100 with higher scores evidencing more positive customer loyalty.
2. Savings are based on FY25 sales data from third-party discount providers and include GST. Where provider data was unavailable, best estimates have been made.
3. The FY24 savings have been recalculated using the same methodology as FY25. As a result, FY24 program savings have increased to $21,883,924. This recalculated number remains dependent on data provided by third party providers.
4. Calculation is based on data provided by third parties. Revised methodology unable to include data from Travel Insurance (seven months), Pacific Petroleum (eight months), and Caltex RORO (retail owned, retail operated) stores as this data is unavailable / incomplete.
5. FY24 data has been restated based on additional information.
6. Complaints under the General Insurance Code of Practice means an expression of dissatisfaction made to us, related to our products or services, our staff, or the handling of a Complaint where a response or resolution is explicitly or implicitly expected or legally required. A Complaint also includes such expressions of dissatisfaction made about us on a social media channel or account owned or controlled by us, where the person making the Complaint is both identifiable and contactable.
7. Connect data extracted on 3 July 2025. As people update the system with back-dated changes or reopen cases these figures change and therefore are only accurate as of that date.
8. Data sourced from Australian Financial Complaints Authority (AFCA) portal.

Advocating for members

For more than 120 years, advocacy has been at the heart of RACQ's purpose, being a voice on the matters most important to our members.

Improving policy outcomes

We advocate for more than 1.7 million members on the roads, in the home and within our communities. We advocate for changes that make our State safer, more affordable and more sustainable based on the insights we gained from policy research papers, a range of member surveys and direct member engagement.

With cost of living remaining a key concern for many of our members, this year we advocated for government intervention to fix Queensland's failing fuel market.

We invested in market and policy research to determine what changes were needed to serve the best interests of our members and motorists more broadly. We welcomed remarks made by the Queensland Government that it would investigate the issue.

We also continued to work with all levels of government to push for better road infrastructure and services that would improve the way we move around the State. This is especially important as we edge closer to 2032 and attempt to keep up with the projected population growth.

While the Club supports a smooth transition to low-carbon and low-cost transport options, the current fuel excise system is no longer fit-for-purpose. We have advocated for reform to guarantee a strong and stable funding stream to build and maintain our road infrastructure.

Our submission to the Independent Infrastructure and Coordination Authority regarding venue selection for the Olympic and Paralympic Games highlighted the crucial importance of leveraging existing and future transport investment to inform venue location. Pleasingly, the Queensland Government ultimately chose key locations with these considerations top of mind.

● Achieved ● Partially achieved ● Not yet achieved

FY25 commitments	Performance	
Focus advocacy effort on a greater government funding commitment for the Bruce Highway.	In January, the Federal and Queensland Governments announced a $9 billion funding commitment to make the Bruce Highway safer. The announcement followed the launch of RACQ's *'Fix the Bruce'* campaign.	●
Continue support for behaviour change to address over-representation of males in the State's road toll.	A new road safety campaign was launched aimed at reining in extreme driving, strengthening impoundment laws, and increasing the number of police on the roads. RACQ put forward the reforms to the State Government to urgently curb the number of deaths on Queensland roads.	●
Advocacy for government-backed ethanol range extender trial	RACQ undertook extensive engagement with government and political stakeholders about the merits of a government-backed ethanol range extender trial. While the Government has not yet made a commitment, we will continue to advocate on measures that address distance anxiety and industry development related to low-carbon vehicles.	●

FY26 advocacy priorities

- Advocate for road safety reforms to reduce Queensland's road toll and serious injuries
- Advocate for fairer fuel pricing for Queenslanders
- Advocate for enhanced rider protection for e-mobility devices

Case Study

RACQ's mobile member centre rebranded as part of the successful *'Fix the Bruce'* campaign

Fix the Bruce

The Bruce Highway is the backbone of our State, but for a national highway, it is substandard. For many years, members have told us it was the worst road in Queensland. In 2024, we asked members to tell us their top transport priority and it was fixing the Bruce Highway.

With two election campaigns throughout the financial year, advocating for crucial upgrades became the Club's focus.

In-depth RACQ analysis found drivers were three times more likely to be killed or seriously injured in a crash on the Bruce Highway than on the Pacific Highway in New South Wales, and five times more likely than on the Hume Highway in Victoria.

Ahead of the State Election in October, the Club joined forces with leading Queensland organisations including Qld Farmers Federation, Qld Trucking Association, Local Government Association of Qld, Royal Australasian College of Surgeons and Qld Tourism Industry Council, demanding all State political parties commit to a 10-year funding plan with the Federal Government to urgently upgrade all two-star sections of the Bruce Highway. We also called on the Federal Government to commit to a long-term funding plan and pay for 80% of future upgrades on the Bruce, with the State Government funding 20%.

After relentless evidence-based advocacy, in January the Federal Government announced a commitment of $7.2 billion to make the Bruce Highway safer and ensure all sections of the Bruce Highway were rated a minimum of three-stars for safety. The Queensland Government supplemented this announcement with a $1.8 billion commitment to form a total package of $9 billion.

We will continue our work on the Bruce Highway Advisory Council to ensure upgrades are prioritised along the highest-risk areas.

People

Supporting our people

RACQ is striving to build a diverse and inclusive culture that creates equal opportunities for our people, while harnessing their passion for supporting our members in our stores, on the phone, on the road and in our communities.

Embracing change

As we evolve to meet the changing needs of our members and deliver on our 2032 strategy, we have embarked on a cultural transformation designed to build risk maturity, provide clarity and foster growth and career development.

Results from the March 2025 employee engagement survey highlight improvements in our people's experiences across these cultural shifts with initiatives including our risk culture action plan, regular employee and leadership forums and supporting individual growth and development plans. These initiatives have also contributed to 84% of our people 'seeing the connection between my work and RACQ's purpose' (up 5% on the prior corresponding period).

As the organisation evolves, enabling our people to access the tools and support they need to embrace new ways of working and develop new skills and knowledge remains a priority.

Skills Pathway is a tool used by our frontline teams and their leaders to help inform career progression discussions. It provides a more structured approach to employee development, ensuring that our people gain the necessary skills and knowledge to grow in their roles and advance in their careers.

A series of leadership programs were launched tailored to suit leaders at different stages of their careers. Foundations of Leading, a six-month program was completed by 48 new and emerging leaders with the option of gaining a nationally accredited Certificate IV in Leadership and Management. The six-month Elevate Program was completed by 40 high potential leaders and focused on personal and professional development.

The board also sponsored two scholarships for an advancing leader and senior leader to participate in professional development programs offered through domestic and international business schools. The scholarships, valued at $25,000 and $50,000 respectively, demonstrate the board's commitment to investing in the growth and career development of our people, providing more opportunities for our leaders to grow, and building the capability for RACQ's future.

Achieved · Partially achieved · Not yet achieved

FY25 commitments	Performance
To achieve an employee engagement score of 72%	The March 2025 employee engagement survey had a 92% participation rate and 74% overall engagement score (up 3% on the prior corresponding period, and 4% above the median engagement score for Australian companies).
Launch new leadership and employee development offerings	New leadership programs were introduced: Foundations of Leading, the Elevate Program, and a board-sponsored leader program, offering two scholarships for an Advancing Leader and Senior Leader.
Continue to deliver our Employee Resource Group action plan, focused on progressing reconciliation	In May 2025, we submitted our 2022-2024 Innovate Reconciliation Action Plan and began preparations for our next Innovate 2.0 RAP. In March we appointed a dedicated Reconciliation Lead to develop the next stage of RACQ's reconciliation efforts.
Continue to deliver our Employee Resource Group action plan focused on LGBTQ+ inclusion	Achieved bronze tier status in the Australian Workplace Equality Index (AWEI), meeting the national foundational standards for LGBTQ+ inclusion.
Continue to deliver our Employee Resource Group action plan focused on disability inclusion	Engaged the Australian Disability Network to consult with our people on workplace adjustments.

FY26 our people priorities

- Gain baseline data on workforce capabilities needed for the future
- Embed and enhance RACQ's employee value proposition to attract, engage and retain core talent
- Develop RACQ's Innovate 2.0 Reconciliation Action Plan in consultation with First Nations employees, partners, and stakeholders

Case Study

Helping our leaders grow

Senior Associate Corporate Lawyer, Sharyn Law (as pictured), took part in the pilot group for RACQ's new Foundations of Leading program, which launched in May 2024. Sharyn, alongside seven other first-time leaders, completed the six-month program which consists of 12 three-hour workshops aligned to leadership best-practice, our purpose, values and real-world scenarios.

Sharyn said she valued the opportunity to learn new skills, refresh existing skills and practice putting them into effect.

"The way the course is purpose-built for RACQ employees meant that it was highly practical and very relevant for my role at RACQ. Learning and embedding new skills is vital for every role and personally, learning new skills keeps me engaged and energised," Sharyn said.

As part of the program, participants can also achieve a Certificate IV in Leadership and Management accreditation.

Bringing our EVP to life

The Group's employee value proposition (EVP) was at the core of several FY25 initiatives aligned to being purpose-led, people-centric and future-focused.

Purpose-led: We expanded the RACQ Foundation Program to include one-day volunteering opportunities, in addition to week-long opportunities, to allow more of our people the ability to participate and give back to the community.

People-centric: A new wellbeing partnership with WHEREFIT was launched, providing our people with access to a digital platform with more than 3,000 discounted health, fitness, and wellbeing products and services. We continue to offer the SBS Inclusion Program to all employees in support of creating an inclusive culture.

Future-focused: We introduced a series of new leadership development programs to help our leaders evolve and strengthen their skills and capabilities.

A new Values in Action guide was introduced to help our people assess their behaviours against our values - Show Care, Own it, Embrace Learning, and Deliver Excellence - as part of the end-of-year performance review cycle.

Key Metrics

		FY25	FY24
Employee engagement score	(%)	74	71
Lost time injury frequency rate (per million work hours)[1]	(hrs)	3.6	4.4
Time to report injuries (within 24 hours)[1]	(%)	94.8	94.7
Women on the board[2]	(%)	38	33
Women in leadership roles (Manager and above)[2]	(%)	52	51
Gender balance across organisation - women[2]	(%)	50.5	52.9
WGEA Gender pay gap[2]	(%)	14.1	14.6

Our Diversity

		FY25	FY24
Employees who identify as Aboriginal and/or Torres Strait Islander[3]	(%)	1.9	2.3
Employees who identify as gender diverse (non-binary and other identities)[3]	(%)	0.8	1
Employees who identify as LGBTQ+[3]	(%)	6.3	6.3
Employees who identify as neurodiverse[3]	(%)	12.5	9.5
Employees who identify as culturally, linguistically and/or ethnically diverse[3]	(%)	21.1	23.4
Employees who identify as people with disability or protected condition[4]	(%)	11.9	-

1. Calculated on rolling 12-month average. Data applies to all Group functions.
2. As reported in annual WGEA Gender Equity Report on 23 June 2025.
3. Data provided on a voluntary, self-identified basis through the annual confidential Your Voice survey in March 2025. As the survey captures a moment in time and is voluntary, some fluctuation in this metric year-on-year is expected.
4. In the 2025 survey, the question wording and response options for how we asked about disability was updated to better align with national best practice. As such, greater fluctuation in this metric than typically seen year-on-year was expected. 'Protected condition' refers to conditions protected under the *Disability Discrimination Act 1992*. See FY24 *'For the Greater Good Report'* for FY24 calculation.

Community

Supporting our community

In FY25, RACQ provided more than $6.4m to communities across the State, contributed to building climate resilience and supported safer, inclusive mobility for Queenslanders. Key areas of support included community grants, assistance projects (volunteering), education, advocacy and establishing new partnerships to achieve greater impact.

Getting communities back on their feet

In the wake of significant flooding in North Queensland and Tropical Cyclone Alfred, RACQ immediately committed $1 million to help families, community groups, and sporting clubs hardest hit by the natural disasters.

The community support package was designed to get essential items such as food and clothing to those affected as quickly as possible. Through the RACQ Foundation and existing partnerships with FareShare Australia, Thread Together and Brisbane Sustainability Agency, RACQ assisted in the delivery of more than 122,000 ready-made meals and 16,533 items of clothing to flood-affected regions and helped fund essential clean-up equipment.

This included a special RACQ Foundation disaster recovery grant round worth $500,000, to help sporting clubs, charities and community groups get back on their feet. Our team approved grants to purchase equipment, rebuild infrastructure and restore technology.

Helping our young drivers

Inclusive mobility and road safety remain a priority for the Club as we continue to educate the next generation on road safety and strive to provide equal access to this education.

A total of 309 schools as far west as Mitchell and north to the Torres Strait Islands participated in one of RACQ's road safety education programs this year. The Club expanded its program with two educators now located in Cairns and two in Toowoomba.

RACQ also doubled its commitment to the Former Origin Greats' (FOGS) ARTIE Academy Driver Licensing Program providing Aboriginal and Torres Strait Islander students with access to a safe and reliable vehicle to complete their mandatory 100 hours of driver training, opening more opportunities for future education and employment. The Club announced in early 2025 it would increase its funding of the program to $360,000 for a further three years.

Achieved · Partially achieved · Not yet achieved

FY25 commitments	Performance	
Increase number of students engaged through RACQ road safety education programs to 75,000 (15% increase)	58,713 students participated in RACQ's road safety education program, 21.7% less than target. Progress in FY25 was impacted by recruitment and training of new teachers and natural disaster-related school closures.	Not yet achieved
Advocate for a greater government investment in natural disaster resilience projects and programs	Advocated for and welcomed the Queensland Government's Stronger Homes Grant program to help protect homes in North Queensland against future flooding. RACQ's 2024 Queensland State Election and 2025 Federal Election priority documents called for investment in natural disaster resilience and mitigation funding and programs, and insurance affordability measures, such as removing the double tax on insurance.	Achieved
Implement Impact Measurement Framework including collecting data and setting outcome targets	Social Ventures Australia (SVA) helped the RACQ Foundation develop an impact measurement framework. This enables the Foundation to assess and measure the positive impact our investment is having in communities through its projects and grant giving. Impact data collection is ongoing and once a baseline is established outcome targets can be set.	Partially achieved

FY26 community priorities

- Support community clubs and charities to build back better after natural disasters
- Support community clubs and charities with solar and/or battery upgrades, enabling energy savings and resilience
- Develop content to support parents and other mentors of learner drivers as we advance our road safety education program

Key Metrics

		FY25	FY24
Total community investment[1]	($)	6,459,875	8,443,381
RACQ volunteering hours[2]	(hrs)	7,874	9,822
Participants in RACQ Road Safety Education programs[3]		58,713	65,210

1. FY25 was a transition year following the conclusion of the Rescue Helicopter Network sponsorship and the development of new partnerships.
2. Includes RACQ employees, Friends of the Foundation volunteers and trade volunteers.
3. Includes all road safety education programs delivered in-person or virtually.


RACQ Foundation visit to Mitchell in western Queensland

RACQ Foundation – Message from the Chair

As I reflect on the work of the RACQ Foundation[1] over the past year, I am proud to see the progress made by our shift in focus to help build more climate-resilient communities in the face of increasing natural disasters.

Pleasingly, our communities are embracing this change too. This year we saw a significant increase in the number of community groups requesting funding to better protect them against growing climate risk rather than disaster recovery alone. This is a clear indication of the growing awareness and commitment to safeguarding our future.

Overall, in FY25 the Foundation approved $1,558,550[2] in Community Grants and provided on-the-ground support in Wujal Wujal, Thursday Island, Mitchell, Archerfield Wetlands and Australia Zoo through five key projects. These projects were made possible through the dedication of 168 RACQ employees, Friends of the Foundation and tradespeople volunteering 5,437 hours of their time to deliver these vital programs.

The Foundation's approval of five new resilience-building partnerships - the Brisbane Sustainability Agency, The Resilience Canopy, Local Government Association of Queensland, Farm Angels and My Pathway - marked a significant milestone in our journey. These partnerships support grassroots programs, covering 'build-back-better' projects, social resilience including training and apprenticeships, and nature-based resilience activities.

I am truly grateful for the support of the Foundation Advisory Council who continued to play a pivotal role this year in helping us direct our focus to the initiatives that will help build stronger, more resilient regions.

I would also like to thank my fellow Foundation board directors, together with RACQ executives and management, for their counsel and unwavering support to the work of the Foundation.

Finally, thank you to our members, volunteers and RACQ employees for their incredible role in helping communities right across Queensland. Together, we are making a positive and enduring difference in regions we care so deeply about.

Bronwyn

Bronwyn K Morris AM,
Chair, RACQ Foundation

RACQ Foundation Directors

David Carter
William (Will) Fellowes
Anna Cochrane
Wally Tallis

RACQ Foundation Impact Partners

Thank you to our supporters for their contribution to RACQ Foundation operations and activities:

Torres Shire Council, Wujal Wujal Aboriginal Shire Council, ARC Projects, Intouch Projects, My Pathway, Cherbourg Ration Shed Museum, Thread Together, Brisbane Sustainability Agency, ResilientCo, Farm Angels, Maranoa Regional Council, Responsive Building, Queensland Academy of Sport, Foundation for Rural and Regional Renewal, Mitchell Show Society, Australia Zoo, Philanthropy Australia, G1 Asset Management.

1. RACQ established RACQ Foundation for charitable purposes and is the main benefactor. Governance is overseen by the RACQ Foundation Board.
2. Grants approved is the amount of grants awarded.

Environment

Our environment

As Queensland transitions to renewable energy, providing our members and the broader community with access to affordable, reliable clean energy and mobility remains a core focus for the Club.

Partnering to support the transition

This year, the Club supported Phase 3 of the Queensland Electric Super Highway (QESH), connecting regional communities in western Queensland with reliable charging sites. A further four charging stations co-funded by RACQ as part of Queensland's Electric Vehicle (EV) Charging Infrastructure Co-Fund Scheme have also opened, complementing RACQ's new partnership with Evie Networks, one of Australia's leading electric vehicle DC fast charging networks. RACQ also remains a partial owner of Chargefox, a fast-growing EV charging network across Australia.

These partnerships improve access to a growing network of convenient charging stations across the State.

At the same time, we launched a pilot program to enhance our energy literacy by understanding our members' energy needs. The insights gained will enable us to create tailored products and services, helping members reduce costs and transition smoothly to an electrified future. This remains a priority as we build our position as a trusted partner for smart energy solutions.

Our journey to net-zero operations

In FY25, RACQ reduced its operational emissions by 55% since FY20, largely driven by the organisation's switch to 100% GreenPower for RACQ-owned sites. Reductions in future years will be driven by RACQ's fleet transition to EVs and purchasing additional Renewable Energy Certificates (RECs) for sites where RACQ is a tenant. If our fleet transition to net-zero is not feasible by 2030 because alternative vehicle technologies are not tested and proven, RACQ will use offsets as a secondary strategy to reduce our emissions.

Additionally, new partnerships with organisations like Brisbane Sustainability Agency allow us to prioritise nature-based resilience projects to mitigate against an increasing number of natural disasters.

While progress has been made, RACQ continues to seek advice from experts on the progress of our transition towards net-zero and how we can continue to reduce our environmental footprint.

FY25 commitments	Performance	● Achieved ● Partially achieved ● Not yet achieved
Continue the transition to lower-emissions vehicles	RACQ's vehicle fleet now includes eight electric vehicles, including one being trialled as part of our Roadside Assistance fleet which is required to carry tools, batteries, fuel and equipment - potentially over long distances. Nine EV chargers have been installed at the Eight Mile Plains office for both RACQ fleet and for staff who own EVs.	Achieved
Conduct a waste audit and enhance waste practices	An audit of RACQ's operational waste has commenced and will be completed in early FY26 with waste reduction initiatives to be implemented.	Partially achieved
Provide climate literacy training for RACQ staff to encourage the adoption of sustainable practices	A voluntary climate literacy training course, RACQ Climate School was established for RACQ staff, with 82 employees participating in FY25.	Achieved
Complete installation of public charging infrastructure at RACQ's 7 QRIDA locations	RACQ delivered four of the seven Queensland Government co-funded EV fast charging sites in FY25, at Wilsonton (Toowoomba), Gladstone, Kepnock (Bundaberg), and Hervey Bay. The Smithfield, Mitchell and Sarina EV fast charging stations are expected to open in FY26.	Partially achieved

FY26 environment priorities

- Continue to reduce RACQ's operational emissions through purchasing renewable energy certificates and increasing the number of EVs in our fleet
- Complete RACQ waste audit and implement waste reduction initiatives
- Advocate for greater EV charging in regional and rural areas to encourage road tourism and ensure all Queenslanders can participate in the EV transition

Case Study

Climate education program

During the year, RACQ launched a new climate literacy training course, RACQ Climate School[1], aimed at helping our people further develop their knowledge about environmental and sustainable practices.

The online program encouraged employees to think about the challenges the world faces due to climate change and assess their own impact. The series of science-based learning modules aimed to educate, empower and motivate employees and was broken into three learning components - foundations of climate, practical knowledge to act on your carbon footprint, and role-specific training to embed learning in ways of working.

The program was designed with the guidance and expertise from more than 120 scientists and climate experts from various sectors. Since its inception, 82 employees have participated in the program, including Naomi Sackville (pictured), Claims Litigation Lead who said the most profound part of the program was realisation of her own carbon footprint.

"I used an ecological footprint calculator, and my result was 4.9 earths, which represents the number of planets we'd need if everyone lived like I did," Naomi said.

"This motivated me to take immediate action, installing solar panels on my home. By the time I received my second power bill, I had already secured a $40 credit."

Key Metrics

Environmental performance[2]		FY25[3]	FY24[4]	FY20 Baseline
Scope 1				
Stationary (e.g. Generators)	(tCO2-e)	31[5]	11	11
Mobile (e.g. RACQ-owned fleet fuel)	(tCO2-e)	2,968	3,017	2,969
Fugitive (e.g. Refrigerant gases)	(tCO2-e)	-	254	123
Scope 2				
Purchased electricity – owned assets and leased assets with operational control	(tCO2-e)	424	784	4,540
Total Scope 1 and Scope 2 in tCO2e	**(tCO2-e)**	**3,423**	**4,066**	**7,642**
Scope 3[6]				
Leased assets (category 8) (e.g. Edward Street tenants)	(tCO2-e)	-	73	515
Total Scope 1, Scope 2, Scope 3 in tCO2e[7]	**(tCO2-e)**	**3,423**	**4,140**	**8,158**
Group Electricity		**FY25**	**FY24**	
GreenPower including certificates for electricity consumption[8]	(%)	84	77	
Efficiency and waste reduction		**FY25**	**FY24**	
Proportion of office waste redirected from landfill	(%)	16	16	

1. RACQ Climate School is powered by AXA Climate.
2. Our reported FY20-25 greenhouse gas (GHG) emissions are rounded to the nearest whole number and have been calculated using Schneider Electric's energy and sustainability management platform, EcoStruxure™ Resource Advisor. Our Scope 2 emissions were calculated by applying the voluntary market-based methodology outlined in the National Greenhouse and Energy Reporting Measurement Determination and aligns with the greenhouse gas accounting methodology represented in the Greenhouse Gas Protocol Scope 2 Guidance. tCO2-e stands for tonnes (t) of carbon dioxide (CO2) equivalent, the standard unit for GHG emissions.
3. The FY25 emissions include estimates in place of some data not yet available representing about 1% or 28 tCO2e of the 3,423 total tCO2e.
4. FY24 data has been restated based on additional information.
5. Stationary emissions increased in FY25 due to increased use of diesel to refuel a generator at the Eight Mile Plains office in preparation for Tropical Cyclone Alfred.
6. RACQ's other Scope 3 emissions have not been quantified and reported above. We will continue to determine suitable methodologies and approaches for value chain emissions measurement in future reporting periods.
7. GHG emissions from Scopes 1, 2 and Scope 3 leased assets electricity have reduced by 58% between the FY20 and FY25.
8. GreenPower electricity from emissions-free renewable generation like wind and solar power accredited by Federal Government and the Clean Energy Regulator.

Our governance

Building a robust risk management culture and framework that protects our members and Queenslanders into the future remains a core priority. Owning our decisions, being transparent with our performance and taking responsibility when we get it wrong is crucial to building and maintaining trust and delivering on our purpose.

Our governance

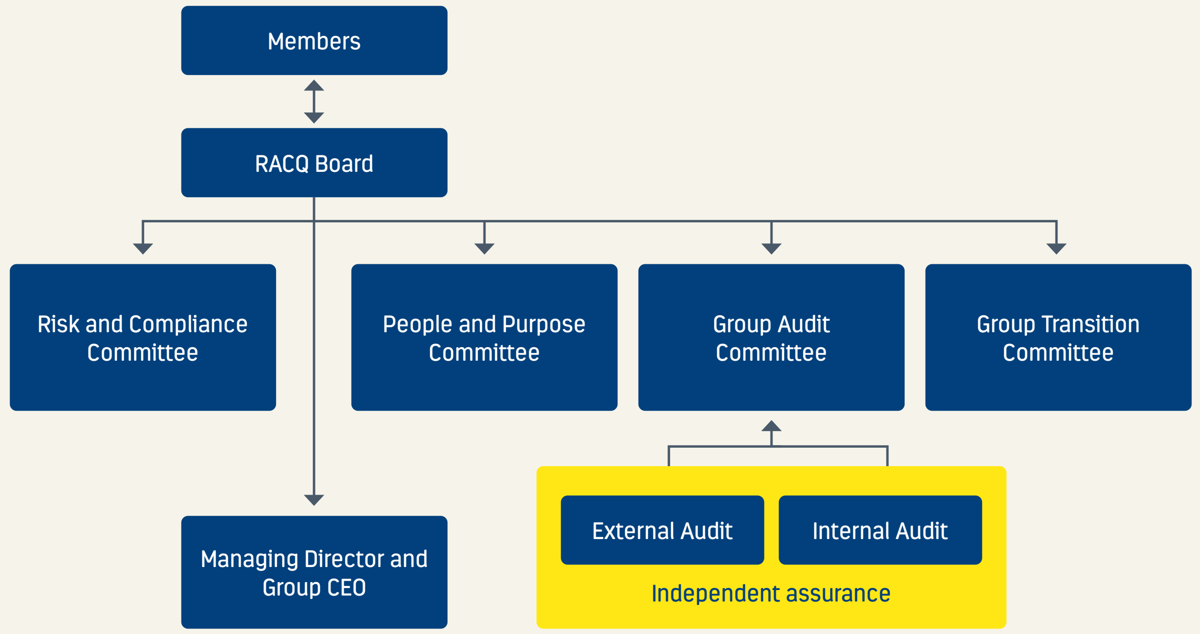
RACQ is committed to operating its businesses with integrity and to high standards of corporate governance practices and ethical conduct by all directors and employees of RACQ and its controlled entities (RACQ Group). Directors and management are accountable for maintaining a corporate culture that aligns with RACQ's vision and values. RACQ is a public company limited by guarantee and governed by its constitution, the *Corporations Act 2001*, common law principles of mutuality and industry specific regulation such as the *Insurance Act 1973*, *Banking Act 1959*. It is also governed by the various prudential standards regulated by Australian Prudential Regulation Authority (APRA) for RACQ's specific insurance and banking activities.

The board has adopted a corporate governance framework that reflects principles derived from several good practice models, adapted to be appropriate for the nature and scale of RACQ and its businesses. This framework is designed to support the operational and regulatory frameworks within which the RACQ Group functions and aims to create and sustain value for members.

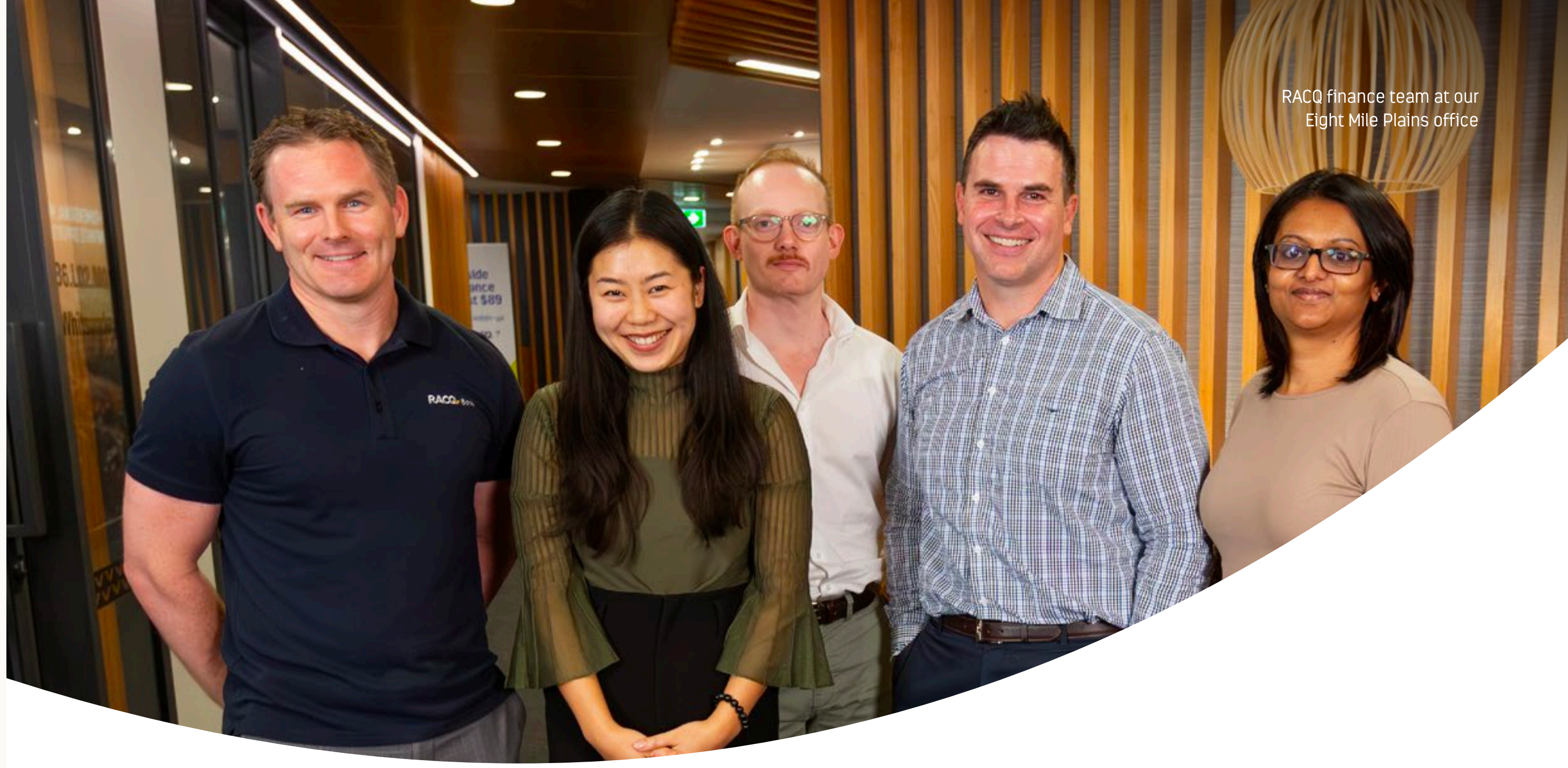
Following the announcement of a strategic partnership with IAG, the board formed a new Group Transition Committee to oversee progress towards the completion of the transaction and RACQ's readiness for the long-term strategic partnership. This committee is expected to wind up as the transition becomes embedded. More broadly, through the Risk Transformation Program, RACQ has continued to review and update many of its governance policies and practices to ensure they remain contemporary.

For further information, please refer to the RACQ Corporate Governance Statement published at racq.com.au.

RACQ Limited corporate governance structure[1]



FY25 commitments	Performance	● Achieved ● Partially achieved ● Not yet achieved
Maintain leading reputation and trusted brand score above 80% as measured by RepTrak	RACQ remains one of Australia's most trusted brands, with a reputation score of 83.2 as measured by RepTrak, an independent reputation data and insights company. In determining an organisation's reputation, RepTrak considers products and services, leadership, conduct, citizenship, performance, workplace and innovation. Multiple initiatives have been implemented throughout the year aligned to these themes.	● Achieved
Implement the Risk Transformation Program (Year 2)	RTP is on schedule to deliver in line with the approved plan which has been submitted to APRA. We are providing iterative updates to Promontory who are acting as the Independent Assurer for the program.	● Achieved



RACQ finance team at our Eight Mile Plains office

Pricing Promises

In 2022, RACQ committed to refunding eligible members following the outcome of the pricing promises review. A remediation program was established to ensure members who did not receive the full benefit of discounts were refunded.

The program has now completed the distribution of remediation payments. As of 30 June 2025, $167,948,697 had been refunded to eligible members who did not receive the full benefit of applicable discounts. Members who have been contacted with instructions on how to claim their refund but have not yet responded are encouraged to review the communication and get in touch with RACQ to finalise their refund. As of 30 June 2025, $10,477,290 was sitting in the RACQ Unclaimed Funds regime. Post February 2027 this will be transferred to the Public Trustee in accordance with the *Public Trustee Act 1978*.

Risk Transformation Program

RACQ's Risk Transformation Program was established as a multi-year initiative in July 2023 to enhance our risk management, governance, systems, and culture. The program is more than halfway (65% complete) through delivering against the plan approved by APRA. This includes enabling delivery of compliance with CPS230 (Operational Risk Management) to provide a complete view of RACQ's risks for more comprehensive management and insight.

With most design and implementation work now complete, we will primarily be in the embedment phase throughout FY26. Embedment is an important phase for RACQ as this is where we will ensure that the changes delivered are resulting in the right long-term behaviours and outcomes. We remain committed to ensuring our decisions and actions are focused on achieving the best outcome for our stakeholders, including how we manage and mitigate risks effectively and proactively.

FY26 governance priorities

- Embed and continue IAG partnership transition activities
- Embed Risk Transformation Program

Key metrics

		FY25	FY24
Political event engagement contributions[2]	($)	27,000	3,000

1. This diagram represents the corporate governance framework for The Royal Automobile Club of Queensland Limited (RACQL). The broader RACQ Group of companies (including the Insurance and Bank subsidiaries) has an expanded governance framework that addresses the requirements of the applicable APRA prudential standards and regulations.
2. As part of our political and government engagement policy RACQ attends key political events which may constitute a donation to a party. The purpose of attendance is to engage with decision-makers to voice our advocacy priorities and continue to influence government policies, programs, and services for the benefit of our members and community. RACQ has committed to report political event engagements annually and will comply with government reporting thresholds through the Political Donations Register maintained by the Australian Electoral Commission and Queensland Electoral Commission. RACQ's initial cost of political event attendance has been spread across two financial years.

RACQ Directors' Report

The directors present their report, together with the consolidated financial report of the Group comprising The Royal Automobile Club of Queensland Limited (RACQ) and its controlled entities, for the year ended 30 June 2025 and the Auditor's Report thereon.

As directors of Queensland's largest member-owned organisation, we are proud to report that FY25 has been a year of strategic transformation. Our governance decisions have directly enabled RACQ to strengthen its position as the trusted partner for more than 1.7 million Queenslanders - representing over 48%[1] of Queensland households. This year, we have overseen strategic initiatives that help our members move and live safely, securely and sustainably today and in the future.

Directors

The names of directors in office during the year and until the date of this report are set out below.
Directors were in office for this entire period unless otherwise stated.

- Leona C Murphy (President and Chair)
- David Carter (Managing Director)
- Duncan V Brain (ceased 31 December 2024)
- Annabel L Dolphin
- William J Fellowes
- Robert Hubbard
- John F Minz (ceased 28 March 2025)
- Andrew G Moore
- Sarah J P Pearson
- Mark R Rearick (appointed 12 May 2025)
- Richard B Umbers (appointed 12 May 2025)

Further information on directors is contained in the RACQ Directors section on pages 28 to 31. This section also includes their qualifications, experience and responsibilities.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors), and each RACQ director's attendance at those meetings during the financial year, were:

	RACQ Limited Board		Group Audit Committee		Risk and Compliance Committee		People and Purpose Committee		Group Transition Committee*	
	A	H	A	H	A	H	A	H	A	H
Leona Murphy	17	17	-	-	-	-	-	-	-	-
Duncan Brain	11	12	2	2	1	2	-	-	6	6
David Carter	15	17	-	-	-	-	-	-	-	-
Annabel Dolphin	17	17	-	-	4	4	4	4	6	6
William Fellowes	17	17	5	5	1	1	3	3	-	-
Robert Hubbard	15	17	5	5	3	3	1	1	4	6
John Minz	15	16	3	3	-	-	3	3	-	-
Andrew Moore	16	17	-	-	4	4	4	4	6	6
Sarah Pearson	14	17	5	5	-	-	4	4	-	-
Mark Rearick	1	1	1	1	-	-	1	1	-	-
Richard Umbers	1	1	1	1	1	1	-	-	-	-

All directors may attend board committee meetings even if they are not a member of the relevant committee. The table above excludes the attendance of those directors who attended meetings of board committees of which they are not a member.

A - meetings attended during the financial year

H - meetings held during the financial year while the director held office for which the director was eligible to attend

* The Group Transition Committee was established during the year to assist the board in overseeing the transition of the RACQ Group, including the completion of the sale of RACQ Insurance Limited and the formation of a long-term strategic alliance for the distribution of insurance. Duncan Brain attended the Group Transition Committee meetings in his capacity as a Director of Club Insurance Holdings Pty Ltd.

Company Secretary

Matthew Payten was RACQ's Company Secretary in office as at the end of the financial year. The qualifications and experience of the Company Secretary are outlined on page 30.

1. Calculation is based on Queensland Government Statistician's Office Queensland Household data compared with RACQ household data.

Objectives and strategy

As we transform our organisation, we remain committed to our core purpose: to drive a positive future for all Queenslanders. The shift to renewable energy and the rise of electric vehicles presents new opportunities for RACQ to provide integrated solutions in Queenslanders' homes and on the road that benefit both individual members and the wider community.

In these times of unprecedented change, marked by shifts in home and mobility needs, extreme climate events, geopolitical uncertainty, and cost-of-living concerns, RACQ is ideally placed to offer trusted solutions and support to our members.

The board's oversight has enabled RACQ to increase member value while navigating the Club's transformation. Our strategic partnership with IAG will ensure members retain access to leading insurance solutions while RACQ focuses on its core strengths - providing advocacy, home, mobility and roadside assistance solutions, as well as community support.

For our broader Queensland community, we have scaled our ambition to make a greater impact through our community activity, advocacy and investment:

- Delivered community grants, volunteering projects, education, and advocacy to support community resilience and mobility.
- Committed $1 million to help families, community groups, and sporting clubs hardest hit by the North Queensland floods and Tropical Cyclone Alfred.
- Helped to secure a total $9 billion funding commitment to fix the Bruce highway - $7.2 billion from the Federal Government and $1.8 billion from the Queensland Government.

In FY25, RACQ made progress against its long-term strategic objective to help members navigate the shift to electric vehicles and the transition to renewable energy by delivering the following initiatives:

- Rolling out RACQ Auto stores that are capable of servicing both EV and ICE vehicles with a total of four locations now open in South East Queensland.
- Partnering with Evie Networks, one of Australia's leading electric vehicle public charging networks, to provide RACQ members with a discount of 4 cents per kWh. The discount is available at all 80 co-branded sites.
- Launching our first four regional public charging sites, co-funded by the Queensland Government's QRIDA grant, with a further three sites scheduled to be operational by the end of 2025.
- Installation of 774 residential solar systems and battery systems through RACQ Solar.

Our multi-year Risk Transformation Program is well progressed and has strengthened our risk frameworks, lifted capability and created capacity to invest in member-focused innovation - from EV charging infrastructure to enhanced digital services.

The Club's strategy embraces a multi-channel approach to serve our members including an important physical footprint across the State. This enables the Club to provide faster roadside assistance response times and in-person services through our retail store network.

Principal activities

RACQ is a public company limited by guarantee, incorporated and domiciled in Australia. RACQ's principal activities during the year included the provision of roadside assistance, motoring services, general insurance, banking, travel and solar products.

There were no significant changes in the nature of the Group's activities during the year, other than as set out in the 'Significant changes in state of affairs' section below.

Measurement of performance

Throughout the year, RACQ continued to deliver value for our members through our motoring, insurance, assistance and banking services and advocated for safer roads and more resilient communities in the face of increasing climate risk. RACQ measures its performance against its key objectives and priorities outlined in the 'RACQ Group Strategic Plan and Budget'. Objectives included strengthening our market position and growth, uplifting member experience and benefits, simplifying and driving operational excellence, building risk capabilities and maturity, and embedding cultural transformation. Key performance measures were established for each objective, including member and product metrics, key financial measures/ratios, and operational performance and employee engagement.

Significant changes in state of affairs

On 28 November 2024, RACQ and Insurance Australia Group Limited (IAG) entered into a 25-year exclusive strategic alliance relating to the provision of RACQ general insurance products and services for RACQ members and Queenslanders. Under the strategic alliance, a Sale and Purchase Agreement has been signed with IAG to acquire 90% of the ordinary shares in RACQ Insurance Limited, with the option for IAG to acquire the remaining 10% in two years on consistent terms. The transaction received approval from APRA and the Federal Treasurer on 11 July 2025, under the *Financial Sector (Shareholdings) Act 1998* and the *Insurance Acquisitions and Takeovers Act 1991*, and is expected to complete during the financial year ending 30 June 2026.

This change does not affect RACQ's commitment to providing Queenslanders with motor and home insurance now and into the future. By working together, the strategic alliance will strengthen and broaden RACQ Insurance's proposition, providing members with a wider range of products and leading digital capabilities.

Under the strategic alliance, RACQ will continue to support the growth, distribution and sales of RACQ Insurance policies by providing marketing, sales, and service to policy holders through our online channels, in store and via our call centres. IAG will be responsible for underwriting, claims management and product and pricing.

Risk management

RACQ has a Risk Management Framework that enables it to appropriately develop and implement strategies, policies, procedures and controls to manage different types of material risks and provides the board with a comprehensive view of material risks. The Risk Management Framework allows the organisation to prioritise risk more effectively and to make informed risk decisions to assist in the delivery of RACQ's strategy.

Within RACQ's internal environment, the following major change activities represent material risks to RACQ:

- The delivery of RACQ's Risk Transformation Program (RTP), as the completion of this program sets the foundations to enable the future growth of our organisation and ensures compliance with our prudential obligations for our APRA-regulated businesses. This is a multi-year program for RACQ, with the risk to the organisation decreasing in line with the closure of the specified activities. The board and management have allocated significant resources to deliver this program with delivery of this program substantially reducing the Group's Compliance and Conduct Risk.
- RACQ's completion of the sale of RACQ Insurance Limited, and the associated transition to a long-term strategic alliance for the distribution of insurance. The board has established a board sub-committee, the Group Transition Committee, to govern the program management has established, the Group Transition Program, which is focused on undertaking transaction completion activities and successfully transition to the strategic alliance. Delivery of this program will substantially reduce the Group's Strategic Risk.

Taking account of the external environment, RACQ's future performance is also exposed to the following material risks:

- **Capital and Reinsurance risks** – Managing the resilience of the Group's balance sheet and liquidity. This includes the deployment of capital to progress long-term strategic objectives and to ensure our regulated entities maintain sufficient capital to comply with their Internal Capital Adequacy Assessment Process, having regard to APRA prudential obligations. The availability of reinsurance and the expectations from reinsurers in relation to the future frequency of natural hazard events in Queensland presents a material risk to both profitability and capital, whilst the Group retains its controlling interest in RACQ Insurance Limited. Capital resilience will increase in line with delivery of the RTP and transition to a strategic alliance for the provision of RACQ Insurance products and services.
- **Climate risk** – RACQ's operations will inevitably be impacted by the changing climate, necessitating an adaptation of existing operational activities. The changed weather conditions will have impacts on the liveability of some Queensland communities, and therefore how RACQ services members in these areas and prices its products to respond. Understanding these impacts and prioritising investment in adapting our operations to respond, will be a focus in managing this risk.
- **Social risk** – The general cost of living for our members continues to increase and will likely reduce the affordability of RACQ's products and services for many Queenslanders in the near future. RACQ's input costs are also increasing, with areas of significant change including regulatory and compliance costs, technology costs and supply chain challenges. Cost increases will impact the pricing of RACQ's products and services to ensure the financial sustainability of the Group, as will the ability of our members to afford the products and services that RACQ offers.
- **Capability and Culture / People risk** – Access to skilled resources is a risk for RACQ, particularly in the short term as significant change initiatives are underway across the business and we are operating in a low unemployment environment. Longer term, the changing skills requirements for employees and the changing expectations of RACQ's workforce, particularly with respect to their workplace environments and flexibility, presents a risk to attracting and retaining talent within the organisation. Investment in the evolution of RACQ's employee value proposition will reduce this risk.
- **Cyber risk** – As a large member-based organisation, we are exposed to the growing threat of cyber security risk and the significant impact a data breach could have on our members, business and reputation. RACQ continues to enhance the security of technology and data systems and infrastructure capabilities to better protect members and its business.

  Priority has been on the strengthening of controls, uplifting capability and alignment with future-state technologies. There is increased focus on cyber awareness and validation of incident response plans, with ongoing delivery of the cyber roadmap aligned with our security strategy to secure data for members and for the business. As a key organisational risk, cyber security continues to be a focus for board and management, particularly with the increasing frequency of cyber-attacks across the industries we operate in.

Strategic outlook

RACQ remains firmly committed to enhancing member value and is actively pursuing opportunities to broaden the scope of its member services. As part of this commitment, the organisation continues to evaluate the most effective operating and business models and partnerships to ensure the sustainable delivery of these services.

RACQ will invest in improving member experience through enhanced service delivery, technology and organisational capability.

Director compensation

Non-executive directors are remunerated to recognise the responsibilities, accountabilities and associated risks of directors and members of board committees. Directors are remunerated by way of a base fee plus superannuation, plus additional fees for committee membership, where appointed as chair of the board or of a committee, or (where needed) for duties outside the scope of the ordinary duties of a director. Payment is by way of a single group fee for all appointments.

The Constitution of RACQ specifies that the aggregate remuneration paid to all directors for services as a director shall not exceed the Maximum Aggregate Remuneration, as approved by members. At the Annual General Meeting on 23 October 2023, members approved the annual indexation of the Maximum Aggregate Remuneration on 1 July each year, with reference to the most relevant index and period published by the Australian Bureau of Statistics.

For the financial year ended 30 June 2025, the Maximum Aggregate Remuneration for director fees was $1,981,200 (2024: $1,950,000).

During the year, non-executive directors received the following fees (including superannuation) for their services as a director:

2025	Board $	Committees $	Total director fees $
Non-Executive Directors			
Leona Murphy	358,830	-	**358,830**
Duncan Brain[1]	120,967	49,512	**170,480**
Annabel Dolphin	149,750	52,799	**202,549**
William Fellowes	149,750	36,103	**185,853**
Robert Hubbard	149,750	48,064	**197,814**
John Minz[2]	112,313	24,927	**137,240**
Andrew Moore	149,750	44,958	**194,708**
Sarah Pearson	149,750	41,734	**191,484**
Mark R Rearick[3]	20,988	5,236	**26,223**
Richard B Umbers[3]	20,988	4,396	**25,384**
Total 2025	**1,382,836**	**307,730**	**1,690,566**
Total 2024	**1,399,724**	**259,367**	**1,659,091**

1. Ceased as Director of RACQ on 31 December 2024, however continued to hold directorship on RACQ Insurance Limited and Club Insurance Holdings Pty Ltd
2. Ceased as Director on 28 March 2025
3. Appointed as Director on 12 May 2025

The directors of RACQ are also directors of the APRA-regulated subsidiaries within the RACQ Group and are not separately remunerated for their services to those subsidiary companies. After ceasing as a director of RACQ, Mr Duncan Brain receives board fees for his role as a director of RACQ Insurance Limited.

Total director fees in FY25 were higher than FY24 with the introduction of an additional board committee to oversee the transition of the Group, and as we transitioned incoming and outgoing directors. Board fees will reduce in FY26 reflecting the reduction in the scale and complexity of the business through the insurance transaction.

In accordance with the Constitution of RACQ, and at the approval of the board, non-executive directors can be paid extra remuneration for special attention to the business of RACQ, or who otherwise performs services which are considered outside the scope of the ordinary duties of a director of RACQ. As outlined in rule 9.14(j) of the Constitution, amounts paid for these additional services do not form part of the Maximum Aggregate Remuneration. Additional remuneration paid under this rule during the year ended 30 June 2025 was as follows:

- $29,256 (2024: $2,458) was paid by RACQ to Mr Andrew Moore for services as a director of an external company as a nominee of RACQ Group.

The table and narrative above does not include the executive remuneration of any director who is the Managing Director, Project Director or an Executive Director, as these amounts do not form part of the Maximum Aggregate Remuneration in accordance with rule 9.14(l) of the Constitution.

Executive remuneration

RACQ's approach to executive remuneration is outlined in the Group Remuneration Policy as approved by the board. The policy outlines that RACQ aims to provide a market competitive remuneration for its executives, balancing priorities between members, sustainability, people and risk while driving long-term sustainable performance.

The remuneration of the Group Executives is considered on an annual basis by the People & Purpose Committee, who make annual recommendations to the board for approval. The committee may engage an external remuneration consultant to assist in determining the amount or elements of executive remuneration.

Executive remuneration includes a combination of fixed annual and variable rewards and a one-off long-term incentive plan. A portion of the fixed reward is deferred and at risk based on behaviours and alignment to RACQ values. Variable rewards are performance-based and align to the achievement of organisational and personal objectives and are partially deferred to support longer-term decision making and retention. The long-term incentive plan was established in October 2022 to a restricted group of senior executives to recognise and reward the outcomes of the successful delivery of programs over a four-year period including completion of the Club's Pricing Promises remediation program, Risk Transformation Program and the strategic review of RACQ Insurance.

Members' guarantee

RACQ is a company limited by guarantee and has no share capital. In the event of winding up, all classes of members are liable to the amount of $2.00 per member. As at 30 June 2025, RACQ had 1,754,855 guaranteeing members resulting in a total contribution of $3,509,710 upon winding up.

Lead auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 33 and forms part of the Directors' Report for the year ended 30 June 2025.

Rounding off

RACQ is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the Directors' Report and the consolidated Financial Report have been rounded off to the nearest one thousand dollars, unless otherwise indicated.

Corporate governance

RACQ's Corporate Governance Statement is available in the Governance and Policies section on RACQ's website.

Signed in accordance with a resolution of the RACQ Directors.

Leona Murphy
President and Chair

28 August 2025

RACQ Directors

Leona C Murphy

(President and Chair) B.Com, GAICD

RACQ Limited Elected Director – South East Queensland

Leona has been a Director of RACQ Limited since 2018, and President and Chair since November 2022. She is Chair of the Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd.

Leona brings more than 30 years' experience in the insurance and financial services sectors, having held senior executive positions for several ASX-listed companies. She is currently a Director of Liberty Financial Limited, Chair of Helia Group Limited, and a Board member and Ambassador for the Climate Ready Initiative. She previously held the role of Co-Chair of the United Nations Environment Programme Finance Initiative for Sustainable Insurance.

David Carter

B.Com, FCPA, F FIN, G.Dip Fin Planning, G.Dip Applied Finance and Investment, GAICD

Managing Director & Group Chief Executive Officer (MD&GCEO)

David joined RACQ in March 2020 and is responsible for leading the Club to deliver long-term, sustainable value to its members. With more than 30 years' experience helping guide financial services institutions, including Suncorp Group and ANZ Limited, to success, David has a strong connection to his home state of Queensland.

David has held several director roles on company boards and industry associations in Australia and New Zealand. He is currently the RACQ representative director of the Australian Automobile Association (AAA), Australian Motoring Services (AMS), and GEM Energy Australia Pty Ltd. He is also a director of RACQ Foundation Pty Ltd, Qld Ballet and Netball Qld.

Annabel L Dolphin

BBus (Mgmt), Dip NSL, GAICD, CAHRI

RACQ Limited Elected Director – Regional Queensland

Annabel has been a Director of RACQ Limited since 2019. She is a Director of Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. She is Chair of the Risk and Compliance Committees, and is a member of the People and Purpose Committee and Group Transition Committee.

Annabel brings more than 20 years' experience specialising in strategic human resources, organisational design and culture change across a diverse range of sectors. She is President of the Saints Netball Club Mackay Inc and Director of Dolphin Ventures Pty Ltd where she sits on several independent advisory boards.

William (Will) J Fellowes

BCom, GradDipCA, GAICD

RACQ Limited Elected Director – Regional Queensland

Will was elected Director of RACQ Limited November 2021, and is a Director of Members Banking Group Limited, Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. He is Chair of the Audit Committees, member of the Risk and Compliance Committees, and a Director of the RACQ Foundation Pty Ltd.

Will has extensive global and domestic financial services experience specialising in external audit, internal audit, financial consulting, advisory and assurance. He worked at PwC for more than 16 years and advised multinational clients, ASX-listed organisations, government entities and private companies across a number of industries.

Andrew G Moore

BEcon, BSc, MBA (INSEAD), CA, F FIN, GAICD

RACQ Limited Appointed Director

Andrew has been a Director of RACQ Limited since 2020. He is a Director of Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. Andrew is a member of Risk and Compliance Committees, People and Purpose Committee, and is Chair of the Group Transition Committee.

Andrew is an experienced financial services executive with more than 30 years' domestic and global experience. He is the RACQ representative director on Honey Insurance Pty Ltd and is also a director of Helia Group Limited.

Sarah J P Pearson

DPhil (Oxon), FTSE, GAICD

RACQ Limited Elected Director – South East Queensland

Sarah has been a Director of RACQ Limited since November 2021. She is a Director of Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. Sarah is a member of the Audit Committees and, People and Purpose Committee. During the financial year she was also the Chair of the People and Purpose Committee.

Sarah is an experienced Non-Executive Director, investor and advisor with global executive leadership expertise spanning FTSE 100 multinationals, government, universities and startups. She is the 10th Chancellor at the University of New England, a member of the Federal Treasurer's Foreign Investment Review Board, a board Director at Funds SA, member of the Investment Committee at Main Sequence Ventures, and sits on the advisory board of Impact Investment Exchange Asia.

Information on the RACQ directors is set out above, including qualifications, experience and particular responsibilities as at the date of this report. For full details visit racq.com.

RACQ Directors

Mark Rearick

BS (Engineering), MS (Engineering), MBA, GAICD

RACQ Limited Appointed Director

Mark was appointed a Director of RACQ Limited in May 2025. He is a Director of Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. Mark is Chair of the People and Purpose Committee and is a member of the Audit Committees.

Mark is a Non-Executive Director for U Ethical Investors and Are Able and serves as an Associate Professor of Practice at the Monash Business School. Mark holds an MBA in Accounting and Finance and a Master's Degree in Mechanical Engineering from the University of Michigan. He is a Graduate of the Australian Institute of Company Directors.

Richard B Umbers

BSc, MSc, GAICD

RACQ Limited Appointed Director

Richard was appointed a Director of RACQ Limited in May 2025. He is a Director of Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. Richard is also a member of the Risk and Compliance Committees and Audit Committees.

Richard is an experienced CEO and board member, with a background in supporting or leading large customer-oriented and operationally driven organisations through times of significant change. He is currently a Beachhead Advisor to New Zealand Trade and Enterprise and previously held senior executive roles at Ryman Healthcare, Kaufland, and Myer.

Group Company Secretary

Matthew Payten

MEmpLaw, LLB, BCom, G.Dip Applied Finance and Investment, GAICD, FGIA

Matthew commenced in the role of Group Company Secretary and General Counsel for the RACQ Group in October 2023, having worked for RACQ since 2016 in various legal and human resources roles. He leads a team focused on the provision of commercial legal and governance services, including managing all matters associated with the efficient and effective operation of the boards and committees of the Group.

With over 25 years of legal experience, prior to RACQ Matthew worked both domestically and internationally in a variety of executive roles in the resources sector and in private legal practice.

RACQ Directors retiring

Duncan V Brain

B.App.Sc (Maths), MBA, MAICD

RACQ Insurance Appointed Director*

Duncan has been a Director of RACQ since 2021. Since resigning from the boards of RACQ Limited, RACQ Bank and Club Finance Holdings Limited in December 2024, he remains as a Director of RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. He is also a member of the Insurance Audit Committee, Insurance Risk and Compliance Committee and Group Transition Committee.

With more than 35 years' in the general insurance industry, both in Australia and internationally, Duncan is an experienced financial services executive/board director with extensive knowledge of the industry. He has worked for a number of ASX-listed insurance companies, including as Divisional CEO for Australia's largest general insurer. Beyond his domestic experience, Duncan has held CEO and board positions across seven countries, working and partnering with market and global leading financial services groups.

John F Minz

BCom, GDip Commercial Computing, Sen. Fellow FINSIA, FAIM, FAICD

RACQ Limited Elected Director – Regional Queensland*

John retired as a Director of RACQ Limited on March 2025, after serving on the board since 2016. He was a Director of Members Banking Group Limited, Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. John was a member of the People and Purpose Committee and Audit Committees.

John is an experienced financial services executive, having retired as the Chief Executive Officer of Heritage Bank in 2015 after 23 years with the bank where he led the organisation through a period of sustained growth and modernisation. John is a member of the Toowoomba Regional Committee of the Australian Institute of Company Directors.

Robert (Rob) Hubbard

BA (Hons), Accy, FCA

RACQ Limited Elected Director – South East Queensland**

Rob was appointed Director of RACQ Limited in November 2021. He is a Director of Members Banking Group Limited (RACQ Bank), Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd. Rob is a member of the Audit Committees, People and Purpose Committee and Group Transition Committee.

Rob has more than 30 years' experience in accounting, corporate finance, assurance and audit and is a former partner of PwC in Brisbane. Rob is currently a Director of JK Tech Pty Ltd and Kallipr Holdings Pty Ltd.

*Ceased being a director of RACQ Limited during FY25.
**Retiring from RACQ Limited board on 15 September 2025.

RACQ Group Executive Team (Left to Right)

Group Executive Team

The RACQ Group is organised along its main operating divisions, each of which is headed by a member of the Group Executive Team (GEX), who are direct reports to the MD&GCEO. As at the date of this report, the GEX comprise of the following:

Chief Financial Officer – Stephen Burton
BCom, FCA

Chief Purpose Officer – Mary-Jane (MJ) Bellotti
MBA, GAICD

Chief Transformation Officer – Amanda Adams

Managing Director & Group Chief Executive Officer – David Carter
BCom, FCPA, F FIN, G.Dip Fin Planning,
G.Dip Applied Finance and Investment, GAICD

Chief Executive Insurance – Trent Sayers
BCom, GAICD

Chief Audit Officer – Wendy Parker
BCom (Law, Economics), BAcc, Chartered Accountant CA(SA), GAICD

Chief Risk Officer – Ailsa Heise
BBus, FCPA, GAICD

Chief Executive Banking – Bernard (Barney) Burke
BCom, CA

Deputy Group Chief Executive Officer – Glenn Toms
BBus, G.Dip Fin & Inv, F FIN, FAIM, GAICD

Chief Information Officer – Ben Johnston
B. Eng.

Detailed profiles of each GEX member are available at racq.com/about/racq/group-executive-team

Shape the future
with confidence

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Auditor's independence declaration to the directors of The Royal Automobile Club of Queensland Limited

As lead auditor for the audit of the financial report of The Royal Automobile Club of Queensland Limited for the financial year ended 30 June 2025, I declare 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Royal Automobile Club of Queensland Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
28 August 2025

Financial Report

Contents

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Insurance revenue	4.1	1,382,632	1,398,839
Insurance service expense	4.1	(1,147,183)	(1,266,364)
Reinsurance premium expense	4.1	(558,459)	(564,375)
Reinsurance recoveries	4.1	459,978	426,739
Insurance service result		**136,968**	**(5,161)**
Insurance finance expense		(40,995)	(3,296)
Reinsurance finance income		20,994	5,529
Net insurance financial result		**(20,001)**	**2,233**
Banking interest income	5.1	158,931	140,397
Banking interest expense	5.1	(94,618)	(82,817)
Net banking interest income		**64,313**	**57,580**
Revenue from contracts with members	8.1.1	296,947	285,650
Investment interest and dividend income	6.1	68,639	68,773
Net gains on financial assets	6.1	36,192	34,812
Net gains on disposal of business assets		5,964	4,619
Other income		7,361	3,171
Other employee benefits expense	7.3.1	(241,698)	(216,550)
Other operating expenses		(184,801)	(163,327)
Member and other remediation (expense) / release		(4,350)	31,356
Credit and other financial asset impairment loss	5.3	(411)	(291)
Share of profit in associates and joint ventures	8.7	1,271	900
Surplus before income tax		**166,394**	**103,765**
Income tax expense	7.5.1	(118,351)	(30,494)
Surplus for the year		**48,043**	**73,271**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net gains / (losses) on equity investments at fair value through other comprehensive income		12,320	1,109
Related income tax expense	7.5.1	(3,696)	(333)
Total other comprehensive income for the year		**8,624**	**776**
Total comprehensive income for the year		**56,667**	**74,047**

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 39 to 78.

Consolidated Balance Sheet

As at 30 June 2025

	Note	2025 $'000	2024 $'000
Assets			
Cash and cash equivalents		80,647	125,652
Trade and other receivables	6.3.2	27,902	21,055
Financial assets	6.2	2,140,272	1,939,009
Loans and advances	5.2	2,672,171	2,442,581
Reinsurance contract assets	4.3	607,659	624,885
Other assets		31,593	26,428
Equity-accounted investments	8.7	3,728	13,954
Property, plant and equipment	7.1	78,441	134,040
Deferred tax assets	7.5.3	62,312	67,657
Goodwill and other intangible assets	7.2	242,906	270,895
Total assets		**5,947,631**	**5,666,156**
Liabilities			
Trade and other payables	6.3.3	110,988	83,274
Current tax payable		33,972	653
Insurance contract liabilities	4.2	1,215,614	1,375,868
Provisions	8.2.1	17,285	54,349
Deposits	5.4	2,686,064	2,434,254
Contract liabilities	8.1.2	99,186	95,459
Borrowings	5.5	216,032	191,020
Employee benefit liabilities	7.3.2	65,559	54,007
Deferred tax liability	7.5.3	68,992	-
Total liabilities		**4,513,692**	**4,288,884**
Net assets		**1,433,939**	**1,377,272**
Accumulated funds			
Retained surplus		1,411,458	1,357,986
Reserves		22,481	19,286
Total accumulated funds		**1,433,939**	**1,377,272**

The Consolidated Balance Sheet is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 39 to 78.

Consolidated Statement of Changes in Accumulated Funds

For the financial year ended 30 June 2025

2025	Retained surplus $'000	Investment revaluation reserve $'000	Merger reserve $'000	Total accumulated funds $'000
Balance as at 1 July 2024	**1,357,986**	**657**	**18,629**	**1,377,272**
Surplus for the year	48,043	-	-	48,043
Other comprehensive income for the year	-	8,624	-	8,624
Total comprehensive income for the year	**48,043**	**8,624**	**-**	**56,667**
Transfers				
Transfers from investment revaluation reserve	5,429	(5,429)	-	-
Total transfers	**5,429**	**(5,429)**	**-**	**-**
Balance as at 30 June 2025	**1,411,458**	**3,852**	**18,629**	**1,433,939**
2024	**Retained surplus $'000**	**Investment revaluation reserve $'000**	**Merger reserve $'000**	**Total accumulated funds $'000**
Restated balance as at 1 July 2023	**1,284,715**	**(119)**	**18,629**	**1,303,225**
Surplus for the year	73,271	-	-	73,271
Other comprehensive income for the year	-	776	-	776
Total comprehensive income for the year	**73,271**	**776**	**-**	**74,047**
Balance as at 30 June 2024	**1,357,986**	**657**	**18,629**	**1,377,272**

The Consolidated Statement of Changes in Accumulated Funds is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 39 to 78.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Cash flows from operating activities			
Insurance premiums received		1,682,070	1,579,891
Revenue from contracts with members received		300,431	299,395
Banking interest received		158,931	140,397
Reinsurance recoveries received		445,171	305,670
Insurance investment income received		61,176	61,383
Reinsurance premiums paid, net of ceding commission received		(545,433)	(414,061)
Acquisition costs paid		(111,722)	(101,980)
Claims and other insurance service expenses paid		(1,371,027)	(1,276,798)
Remediation and other expenses paid		(31,030)	(173,010)
Banking interest paid		(97,139)	(74,957)
Payments to suppliers and employees		(486,201)	(537,538)
Income taxes (paid) / received		(14,324)	5,511
Net movement in operating assets and liabilities			
Loans and advances		(230,001)	(286,541)
Deposits		254,342	227,177
Net cash flows from operating activities	8.3.1	**15,244**	**(245,461)**
Cash flows from investing activities			
Proceeds from other investing activities and asset sales		45,732	25,647
Proceeds from sale or maturity of financial assets		17,041,526	1,919,945
Payments for financial assets		(17,216,569)	(1,725,519)
Payments for intangible assets		-	(14,512)
Proceeds/(payments) for property, plant and equipment		49,211	(11,539)
Net cash flows from investing activities		**(80,100)**	**194,022**
Cash flows from financing activities			
Repayments of principal for lease liabilities		(5,149)	(4,686)
Proceeds from borrowings	5.5	80,000	70,000
Repayments of borrowings	5.5	(55,000)	(96,546)
Net cash flows from financing activities		**19,851**	**(31,232)**
Net increase / (decrease) in cash and cash equivalents		(45,005)	(82,671)
Cash and cash equivalents at the beginning of the year		125,652	208,323
Cash and cash equivalents at the end of the year		**80,647**	**125,652**

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 39 to 78.

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2025

1. Basis of preparation

Reporting entity

The Royal Automobile Club of Queensland Limited ('RACQ' or the 'Company') is a company limited by guarantee domiciled and incorporated in Australia. The Company's registered office is 2649 Logan Road, Eight Mile Plains, Queensland, 4113.

The Consolidated Financial Statements comprise the Company and its subsidiaries (together referred to as 'RACQ Group' or the 'Group') and were authorised for issue by the Board of Directors on 28 August 2025.

The Company is a for-profit entity for the purposes of preparing the financial statements. The Group's principal activities during the financial year were the provision of assistance, insurance and retail banking products and services to members.

Statement of compliance

The Consolidated Financial Statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Consolidated Financial Statements comply with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Material accounting policy information has been included in the relevant note to which the policies relate. The accounting policies have been applied consistently to all periods presented in these Consolidated Financial Statements. Certain comparative amounts have been re-presented to conform with changes in presentation in the current financial year.

Significant estimates, judgements and assumptions

In preparing these Consolidated Financial Statements, management has made certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is provided in the following notes:

- Insurance and reinsurance contract assets and liabilities (Note 4.4)
- Fair value of financial instruments (Note 6.2.1)
- Impairment testing of cash-generating units containing goodwill (Note 7.2.1)
- Deferred tax liability on investment in subsidiary (Note 7.5.1)

Basis of measurement

The Consolidated Financial Statements are presented in Australian dollars and have been prepared on the historical cost basis, except where the application of fair value measurement is required by the relevant accounting standards.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and all financial information presented has been rounded off to the nearest thousand dollars, unless otherwise stated.

The Consolidated Balance Sheet is prepared in liquidity format. In the notes to the Consolidated Financial Statements, amounts expected to be recovered or settled no more than 12 months after the reporting date are classified as 'current', otherwise they are classified as 'non-current'.

Sale of RACQ Insurance Limited

On 28 November 2024, RACQ and Insurance Australia Group Limited (IAG) entered into a 25-year exclusive strategic alliance relating to the provision of RACQ general insurance products and services for RACQ members and Queenslanders. Under the strategic alliance, a Sale and Purchase Agreement (SPA) has been signed with IAG to acquire 90% of the ordinary shares in RACQ Insurance Limited, with the option for IAG to acquire the remaining 10% in two years on consistent terms. The transaction received approval from APRA and the Federal Treasurer on 11 July 2025, under the *Financial Sector (Shareholdings) Act 1998 (Cth)* (FSSA) and the *Insurance Acquisitions and Takeovers Act 1991 (Cth)* (IATA), and is expected to complete during the financial year ending 30 June 2026.

In accordance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the sale of RACQ Insurance Limited does not meet the criteria to be classified as held for sale in the Consolidated Balance Sheet as at 30 June 2025.

Basis of consolidation

(i) Subsidiaries

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2025. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

(ii) Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profit or losses, are eliminated in preparing the Consolidated Financial Statements.

2. New Australian Accounting Standards and Amendments

The Group has applied all new and amended Australian Accounting Standards that are mandatory for financial reporting periods beginning on or after 1 July 2024. The adoption of these standards did not have a material impact on the Group's Consolidated Financial Statements or disclosures.

3. Standards and Amendments issued not yet effective

As at the date of this financial report, there are several new or amended Australian Accounting Standards that will be mandatory in future financial years. Except as outlined below, none are expected to have a material impact on the Group's Consolidated Financial Statements.

AASB sustainability reporting standards

In September 2024, the Australian Government enacted climate-related financial disclosures legislation through the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* (the Act). Following this, the AASB released the first Australian Sustainability Reporting Standards (ASRS), comprising:

- AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*: a voluntary framework providing principles for the disclosure of sustainability-related financial information.
- AASB S2 *Climate-related Disclosures*: a mandatory standard requiring entities to disclose information relating to governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

In accordance with the Act, these standards will apply to the Group for financial years commencing on 1 July 2025.

While these standards do not impact the current financial year, the Group recognises the increasing significance of sustainability-related financial disclosures and continues to assess and implement the necessary processes, systems, and controls to support future compliance with the ASRS framework.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18) has been issued to improve how entities communicate in their financial statements, with particular focus on information about financial performance in the statement of profit or loss. AASB 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing and financing. AASB 18 will replace AASB 101 *Presentation of Financial Statements*. This new standard will be effective for the Group's Consolidated Financial Statements from 1 July 2027. The Group is still to consider the impacts of the new disclosure requirements

4. Insurance activities

4.1 Insurance Result

	2025 $'000	2024 $'000
Insurance revenue – external	1,382,632	1,398,839
Insurance revenue – inter-segment[1]	617	590
Insurance revenue	**1,383,249**	**1,399,429**
Insurance service expense – external	(1,147,183)	(1,266,364)
Insurance service expense – inter-segment[1]	(20,606)	(14,875)
Insurance service expense	**(1,167,789)**	**(1,281,239)**
Reinsurance recoveries	459,978	426,739
Reinsurance premium expense	(558,459)	(564,375)
Insurance service result	**116,979**	**(19,446)**
Insurance finance income / (expense)	(40,995)	(3,296)
Reinsurance finance income / (expense)	20,994	5,529
Investment income on technical reserves	40,181	46,632
Investment expenses on technical reserves	(1,036)	(1,173)
Net insurance investment result	**19,144**	**47,692**
Insurance service and investment result	**136,123**	**28,246**
Investment income on shareholder's funds	40,145	29,762
Investment expenses on shareholder's funds	(728)	(534)
Interest expense	(233)	(224)
Interest expense – inter-segment[1]	(5,271)	(5,270)
Other income	3,993	1,459
Member and other remediation release	7,952	31,448
Other expenses	(679)	(10,488)
Insurance result[1]	**181,302**	**74,399**

1. Includes intercompany transactions that eliminate on consolidation.

Accounting policies

Measurement of insurance contracts and reinsurance contracts

The Group's insurance contracts issued and reinsurance contracts held are not measured individually but are aggregated into portfolios, each comprising contracts that are of similar risks and managed together.

The portfolios consist of Home, Motor and CTP (in run-off) for insurance contracts issued. The portfolios for reinsurance contracts held are based on the reinsurance arrangement considering the related underlying insurance contracts held.

Insurance contracts and reinsurance contracts are measured and presented separately, comprising the following:

- the liability for remaining coverage (LRC) representing coverage for contracts that will be provided after the balance date for insured events that have not yet occurred; and
- the liability for incurred claims (LIC) representing claims and expenses for insured events that have already occurred. The LIC relates to claims reported and claims not reported (Incurred But Not Enough Reported, Incurred But Not Reported).

Reinsurance contract assets comprise the following:

- the asset for remaining coverage (ARC) representing the estimated amounts recoverable from reinsurers in relation to future insured claims that have not yet been incurred: and
- the assets for incurred claims (AIC) representing the estimated amounts recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

Liability for Remaining Coverage (LRC)/Asset for Remaining Coverage (ARC)

AASB 17 Insurance Contracts (AASB 17) features the General Measurement Model (GMM) as its default measurement model but allows a simplified measurement model known as the Premium Allocation Approach (PAA) for contracts with a coverage period of one year or less, or when the LRC/ARC under the PAA does not differ materially from that of the GMM.

The Group applies the PAA for all insurance contracts issued and reinsurance contracts held.

For groups of insurance contracts issued, the LRC is measured as the premiums received less insurance revenue recognised and less acquisition costs deferred. The Group has elected to offset any premium receivables from intermediaries against the corresponding insurance contract liability.

For groups of reinsurance contracts held, ARC is measured as ceding premiums paid less reinsurance expenses recognised for the services received.

When applying the PAA, discounting of LRC and ARC is not required if the time between providing/receiving the insurance service and the premium due date is no more than one year. Applying this the Company has chosen not to discount the LRC. However, to comply with the requirements for AASB 17, the Group has applied discounting to all retroactive reinsurance arrangements which forms a part of the ARC.

Application of PAA allows acquisition costs relating to insurance contracts issued to policyholders to be immediately expensed or capitalised and amortised over the coverage period of the related groups of insurance contracts. The Group has elected for the later and includes acquisition costs in the LRC and amortises them based on the passage of time.

LRC Loss Component/ Loss Recovery Component

AASB 17 requires the identification of groups of onerous contracts issued, with a loss component recognised on initial recognition of the group of contracts and added to the LRC. Under the PAA, the Group assumes that no contracts in the portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise.

Where onerous contracts are covered by reinsurance contracts entered into before or at the same time as the onerous contracts, a loss-recovery component representing the reinsurance recoveries attributable to the onerous contract losses is recognised, which reduces ARC and increases reinsurance income.

The Group has developed a framework, using internal information, for identifying indicators of possible onerous contracts on recognition and during the life of the contract.

The risk adjustment and probability of sufficiency for loss on onerous contracts is as follows:

	2025 %	2024 %
Risk adjustment	9.6	8.0
Probability of sufficiency	75.0	75.0

Liability for Incurred Claims (LIC) / Asset for Incurred Claims (AIC)

The LIC comprises discounted estimates of future cash flows for claims incurred, adjusted to account for non-financial risks using risk adjustments. Similarly, the AIC comprise the discounted estimates of future cash flows adjusted to account for non-financial risks being transferred to the reinsurer.

This note should be read in conjunction with Actuarial assumptions and methods, refer to Note 4.4.

Insurance revenue

Insurance revenue includes amounts charged to policyholders, including applicable levies and charges such as fire service levies, but excludes stamp duty and GST collected on behalf of third parties. Premiums are recognised as revenue from the date of attachment of risk over the period of the insurance policy, which is usually one year.

Insurance Finance Expense or Income and Reinsurance Finance Expense or Income

The finance expense or income relates to changes for the time value of money and financial risks associated with contracts issued and reinsurance contracts held. This is presented separately in the Consolidated Statement of Comprehensive Income under insurance finance income or expense and reinsurance finance income or expense.

4.2 Insurance contract liabilities

	2025					2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component $'000	Loss component $'000	PV of future cashflows $'000	Risk adjustment $'000	Total $'000	Excluding loss component $'000	Loss component $'000	PV of future cashflows $'000	Risk adjustment $'000	Total $'000
Opening insurance contract liabilities	169,622	1,158	1,124,552	80,536	1,375,868	280,174	5,750	1,080,488	92,441	1,458,853
Net insurance contract liabilities as at 1 July (A)	169,622	1,158	1,124,552	80,536	1,375,868	280,174	5,750	1,080,488	92,441	1,458,853
Insurance revenue[1]	(1,383,249)	-	-	-	(1,383,249)	(1,399,429)	-	-	-	(1,399,429)
Incurred claims and other insurance service expenses[1]	-	(1,158)	1,166,730	14,127	1,179,699	-	(5,750)	1,260,690	28,254	1,283,194
Changes that relate to past services	-	-	(89,837)	(35,991)	(125,828)	-	-	(49,927)	(40,159)	(90,086)
Losses on onerous contracts	-	-	-	-	-	-	1,158	-	-	1,158
Amortisation of insurance acquisition cash flows	113,918	-	-	-	113,918	86,973	-	-	-	86,973
Insurance service expense	113,918	(1,158)	1,076,893	(21,864)	1,167,789	86,973	(4,592)	1,210,763	(11,905)	1,281,239
Insurance service result	(1,269,331)	(1,158)	1,076,893	(21,864)	(215,460)	(1,312,456)	(4,592)	1,210,763	(11,905)	(118,190)
Insurance finance expense	-	-	40,995	-	40,995	-	-	3,296	-	3,296
Changes in comprehensive income (B)	(1,269,331)	(1,158)	1,117,888	(21,864)	(174,465)	(1,312,456)	(4,592)	1,214,059	(11,905)	(114,894)
Cash flows:										
Premiums received[1]	1,681,453	-	-	-	1,681,453	1,580,481	-	-	-	1,580,481
Insurance acquisition costs paid	(111,722)	-	-	-	(111,722)	(101,980)	-	-	-	(101,980)
Claims and other insurance service expenses paid1	-	-	(1,391,633)	-	(1,391,633)	-	-	(1,291,673)	-	(1,291,673)
Total cash flows (C)	1,569,731	-	(1,391,633)	-	178,098	1,478,501	-	(1,291,673)	-	186,828
Transactional taxes and other movements (D)	(282,565)	-	118,990	-	(163,575)	(276,597)	-	121,678	-	(154,919)
Closing insurance contract liabilities (A+B+C+D)	187,457	-	969,797	58,672	1,215,926	169,622	1,158	1,124,552	80,536	1,375,868
Net insurance contract liabilities at balance date	187,457	-	969,797	58,672	1,215,926	169,622	1,158	1,124,552	80,536	1,375,868

1. Includes intercompany transactions that eliminate on consolidation.

The total liability for remaining coverage amounts to $187.5 million (2024: $170.8 million) and net liability for incurred claims amount to $1,028.5 million (2024: $1,205.1 million).

4.3 Reinsurance Contract Assets

	2025					2024				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
	Excluding loss component $'000	Loss recovery component $'000	PV of future cashflows $'000	Risk adjustment $'000	Total $'000	Excluding loss component[1] $'000	Loss recovery component $'000	PV of future cashflows $'000	Risk adjustment $'000	Total $'000
Opening reinsurance contract assets	54,477	895	539,774	29,739	624,885	198,345	457	420,614	29,185	648,601
Net reinsurance contract assets as at 1 July (A)	54,477	895	539,774	29,739	624,885	198,345	457	420,614	29,185	648,601
Reinsurance premium expense	(558,446)	-	(13)		(558,459)	(564,375)	-	-	-	(564,375)
Recoveries of incurred claims and other insurance service expenses	-	(895)	483,624	3,624	486,353	-	(457)	439,655	11,310	450,508
Changes that relate to past services	-	-	(14,865)	(11,510)	(26,375)	-	-	(13,908)	(10,756)	(24,664)
Recovery of onerous contract losses	-	-	-	-	-	-	895	-	-	895
Reinsurance recoveries	-	(895)	468,759	(7,886)	459,978	-	438	425,747	554	426,739
Net income/(expense) from reinsurance contracts	(558,446)	(895)	468,746	(7,886)	(98,481)	(564,375)	438	425,747	554	(137,636)
Reinsurance finance expense	6,336	-	14,658	-	20,994	6,446	-	(917)	-	5,529
Changes in comprehensive income (B)	(552,110)	(895)	483,404	(7,886)	(77,487)	(557,929)	438	424,830	554	(132,107)
Cash flows:										
Premiums paid	545,422	-	11	-	545,433	448,226	-	-	-	414,061
Recoveries received	-	-	(445,171)	-	(445,171)	-	-	(305,670)	-	(305,670)
Total cash flows (C)	545,422	-	(445,160)	-	100,262	448,226	-	(305,670)	-	142,556
Transactional taxes and other movements (D)	(40,001)	-	-	-	(40,001)	(34,165)	-	-	-	(34,165)
Closing reinsurance contract assets (A+B+C+D)	7,788	-	578,018	21,853	607,659	54,477	895	539,774	29,739	624,885
Net reinsurance contract assets at balance date	7,788	-	578,018	21,853	607,659	54,477	895	539,774	29,739	624,885

1. This includes a reinsurance contract held by the Group which provides retroactive cover. The coverage relates to events that occurred before the purchase of the reinsurance.

The total assets remaining coverage amounts to $7.8 million (2024: $55.3 million) and assets for incurred claims amount to $599.9 million (2024: $569.5 million).

4.4 Actuarial Assumptions and Methods

Significant accounting judgements and estimates

The estimation of the LIC is based on multiple actuarial models that analyse experience, trends and other factors utilising the Group's specific data, relevant industry data and general economic data. The selection of the appropriate model takes into account the claim type characteristics class of business and the extent of the development of each past accident period.

The models use statistical analyses of historical experience. Generally, it is assumed that the development pattern of current claims will be consistent with past experience. Where historical experience is not credible or appropriate, a combination of industry experience or model adjustments are utilised to estimate the ultimate claims cost.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in estimating claims provisions, it is expected that the final outcome will be different from the original liability estimated. There is a significant degree of uncertainty in the estimation of claims case estimates, claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER). Personal Insurance claims on property damage are generally reported and settled within a short timeframe following the claim event and therefore claims cost estimates are more certain. CTP Insurance claims and Personal Insurance liability claims display increased complexity and longer settlement periods, therefore there is a greater degree of uncertainty regarding the ultimate cost of these claims.

The estimation of AIC is calculated based on the LIC and in accordance with the underlying reinsurance contracts.

Actuarial assumptions

The key actuarial assumptions used in determining the net liability for incurred claims are:

	2025		2024	
	Personal Insurance	CTP Insurance	Personal Insurance	CTP Insurance
Discount rate	3.4%	3.6%	4.3%	4.5%
Economic inflation rate	-	3.5%	-	3.5%
Superimposed inflation rate	-	1.5%	-	1.5%
Claims handling expense ratio	8.2%	4.5%	8.1%	6.0%
Risk adjustment	5.1%	8.5%	4.9%	8.8%
Duration (years)	0.46	1.85	0.63	2.19

Discount rate

Projected future claims payments, for both insurance and reinsurance, and other recoveries and associated claims handling costs, are discounted to present value using discount rates for all incurred claims including short tail.

To calculate the discount rate, a bottom-up approach is applied, whereby the risk-free yield curve is adjusted to reflect the liquidity characteristics of the insurance cash flows through the addition of an illiquidity premium which will increase the discount rate. The illiquidity premium is based on the element of illiquidity within the insurance liabilities. The short duration insurance liabilities are very liquid as policyholders can cancel their policy and request a refund. The illiquidity premium only applies to the material long duration insurance liabilities which is CTP.

Discount rates are derived from market yields on Commonwealth Government securities at the reporting date.

Economic inflation and superimposed inflation rate

Economic inflation for CTP claim settlement costs is based on economic indicators such as growth in average weekly earnings. Superimposed inflation reflects the tendency of claims costs to increase above the rate of economic inflation due to economic, social and political forces. For CTP Insurance, superimposed inflation is unchanged at 1.5% in recognition of the relatively benign experience over the last 10 years.

No explicit allowance for economic or superimposed inflation has been made in the valuation of Personal Insurance claims. Allowances for future inflation are implicit within the actuarial models employed.

Claims handling expense ratio

The future claims handling expense ratio is estimated in periodic reviews of historic claim handling costs as a percentage of past claim payments.

Risk adjustment

A risk adjustment is added to the discounted estimates of future cash flows to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks as the entity fulfills insurance contracts. With regard to reinsurance contracts held, the risk adjustment reflects the compensation the reinsurer requires for the uncertainty of the cash flows transferred.

The Group has adopted the confidence level technique (i.e. probability of sufficiency) to estimate the risk adjustment. This allows for direct comparison of the AASB 17 risk adjustment and Australian Prudential Regulatory Authority (APRA) reporting.

The overall required level of sufficiency of LIC and AIC is set by the Board at the recommendation of Management with the assistance from the appointed actuary. Actuarial modelling is performed to determine appropriate risk adjustment rates to achieve the required level of sufficiency. Uncertainties surrounding the LIC and AIC estimation process include the robustness of the actuarial models, model parameters used, applicability of past claims experience, and the uncertainty of future market conditions when claims are settled. Risk adjustment for Personal insurance represents the range for the dominant classes (Home and Motor).

Risk adjustment rates are set to allow for diversification across products to arrive at an overall provision which is intended to have a probability of sufficiency of 75% (2024: 75%).

Duration

Duration reflects the weighted average term to claims settlement and is determined from the inflated and discounted expected future net cash flows by class of business. Historical finalisation patterns are used to determine the expected future payment patterns.

Sensitivity analysis – liability for incurred claims

The Group conducts sensitivity analyses to quantify the exposure to the risk of changes in the key actuarial assumptions while holding all other variables constant. This analysis is summarised below as a sensitivity of the surplus/(loss) after tax to a 1% change in the key variable. A change in each variable will have same impact on equity.

Impact of changes in key variables	Movement in Variable	Surplus/(Loss) after tax (Gross)		Surplus/(Loss) after tax (net)	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000
Assumption					
Discount rate	+1%	8,097	12,749	3,459	5,546
	-1%	(8,432)	(13,337)	(3,595)	(5,802)
Inflation rate	+1%	(5,290)	(10,320)	(2,376)	(4,561)
	-1%	5,179	10,072	2,325	4,447
Risk adjustment	+1%	(6,782)	(7,853)	(3,163)	(3,750)
	-1%	6,782	7,853	3,163	3,750

4.5 Claims Development Table

The following table shows the development of the estimated undiscounted LIC's relative to the ultimate expected claims for the 10 most recent accident years. Amounts are net of reinsurance and other recoveries. Personal Insurance (such as Home and Motor) claims are disclosed separately as there are no material claim developments that require disclosure as the majority of claims are settled within twelve months following the reported incident.

Accident year	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	2025 $'000	Total $'000
Estimate of net ultimate CTP claims cost:											
At end of accident year	171,782	181,531	187,866	198,207	206,147	152,439	127,037	144,117	88,156	2,976	
One year later	160,153	171,963	167,516	173,960	186,161	159,166	86,359	144,318	79,177		
Two years later	140,977	153,349	156,341	164,497	196,155	84,745	77,092	135,117			
Three years later	125,045	152,349	165,441	169,854	144,270	78,764	76,667				
Four years later	119,928	145,768	171,595	141,745	143,308	78,018					
Five years later	116,239	144,944	144,229	142,241	141,376						
Six years later	117,635	126,027	143,841	141,323							
Seven years later	110,741	124,762	143,018								
Eight years later	110,485	124,435									
Nine years later	110,202										
Current estimate of net ultimate CTP claims cost	**110,202**	**124,435**	**143,018**	**141,323**	**141,376**	**78,018**	**76,667**	**135,117**	**79,177**	**2,976**	**1,032,309**
Cumulative CTP payments	(110,002)	(123,132)	(141,511)	(139,971)	(137,869)	(75,380)	(60,867)	(57,353)	(19,968)	(56)	(866,109)
Net LIC CTP - undiscounted	**200**	**1,303**	**1,507**	**1,352**	**3,507**	**2,638**	**15,800**	**77,764**	**59,209**	**2,920**	**166,200**
Discount to present value											(12,144)
Claims handling expenses											21,247
2015 and prior											3,669
Net LIC - CTP											**178,972**
Net LIC - Personal Insurance											**132,232**
Net Risk adjustment											29,970
Total net LIC											**341,174**
Adjustment for retroactive[1]											**87,424**
Total net LIC after retroactive cover											**428,598**
The net LIC after retroactive cover is made up as follows:											
LIC											1,028,469
AIC											(599,871)

1. This includes a reinsurance contract held by the Group which provides retroactive cover and is reported as Asset for Remaining Coverage in Note 4.3.

4.6 Insurance Risk Management

Risk management objectives and policies for mitigating insurance risk

In accordance with Prudential Standard CPS 220 Risk Management issued by APRA, the Board of Directors of RACQ Insurance, in conjunction with responsible management, have developed, implemented and maintained a Risk Management Strategy (RMS). The aim of the RMS is to ensure that the Group has in place prudent risk management systems to effectively identify, evaluate, mitigate and monitor all key risks that the Group faces through its insurance operations. The Board of Directors of RACQ Insurance is responsible for reviewing the RMS annually.

The key components of the RMS that aims to mitigate insurance risk include:

- Underwriting operations are managed in accordance with underwriting rules and guidelines, with regular quality assessment and monitoring of operations. Each individual policyholder pays a premium that is based on their relative risk in comparison to other policyholders; and
- Claims operations are managed in accordance with claims handling rules and guidelines, with regular quality assessment and monitoring of operations. These include, among other factors, delegations of authority for acceptance and approval of claims, review processes for claim payments and processes for accurate initial and ongoing claims provisioning.

In addition to the RMS, the Group has developed, implemented and maintained a Reinsurance Management Strategy (ReMS) in accordance with GPS 230 Reinsurance Management issued by APRA. The Group has in place comprehensive reinsurance arrangements to increase the capacity to underwrite new insurance business and, at the same time, reduce the volatility of operating performance. The ReMS documents the reinsurance processes and arrangements that the Group has in place to provide the necessary security and liquidity to meet its obligations to policyholders and, hence, provide protection to the assets of the Group.

In respect of natural peril risk an annual probabilistic modelling process is undertaken to guide the setting of the upper limit of the catastrophe reinsurance program. This modelling calculates a Probable Maximum Loss (PML) at various return periods. The Board considers the outputs of the modelling on an annual basis.

Terms and conditions of insurance contracts

The Group has developed and maintains standard insurance contracts for all insurance policies. The terms and conditions of these insurance contracts are based upon legislative requirements as stipulated within the Insurance Contracts Act 1984. The Group utilises these standard contracts for all insurance policies. No special terms are entered into with any policyholder that has a material impact upon the financial statements.

Concentration of insurance risk

Concentration within the property classes is monitored to ensure peak levels of exposure to certain perils and/or geographical regions are within desired levels. Risks are modelled using their location with commercial catastrophe modelling tools to evaluate the single largest risk, or probable maximum loss.

The largest risks faced relates to both natural catastrophes in areas with large numbers of insured risks and unexpected CTP claims inflation impacting outstanding claims.

The largest reinsurer concentration risk of reinsurance recoveries as at 30 June 2025 is 32.4% (2024: 45.3%) which equates to $189.6 million (2024: $282.2 million).

4.7 Insurance Capital Management

As RACQ Insurance Limited (RACQ Insurance) is a general insurer regulated by APRA, it must maintain adequate capital against the risks associated with its activities. RACQ operates an Insurance Group, comprising Club Insurance Holdings Pty Ltd (non-operating holding company) and RACQ Insurance.

The Insurance Group uses the standardised framework for calculating the PCA in accordance with the relevant APRA prudential standards and has satisfied all externally imposed capital requirements that it was subject to during both the current and prior financial year.

The RACQ Insurance Board Target PCA multiple is 1.95 and operates within a corresponding target PCA multiple trading range of 1.72–2.10 to provide for volatility arising from normal operating activity and fluctuations in financial performance that result in actual capital levels deviating from plan. RACQ Insurance has maintained a PCA multiple in excess of the Board Target PCA multiple of 1.95 throughout the financial year.

A volatility buffer or "Watch Zone" level of capital (1.56-1.71), currently set at 80.0% - 87.5% of the target PCA multiple, facilitates early intervention and minimises the chance of the capital position falling below the 'trigger' level of capital (set at a PCA multiple of 1.56). The bottom end of the 'watch' range (1.56), being 80.0% of 'the target PCA multiple, is defined as the PCA trigger point. Should the PCA multiple fall below this, the Insurance Recovery and Exit Plan will be enacted with a potential injection of capital to restore the PCA multiple to a level equal to or above the trigger point as required. The Boards, together with management, will consider the outlook for capital in arriving at the appropriate restored capital level.

Excess capital is available for distribution to the shareholder and dividends are considered by management when the capital position exceeds the target PCA multiple. Dividend payments cannot reduce the capital position below 95% of target across a twelve-month outlook. Dividends are evaluated on a biannual basis, coinciding with the full and half year results.

The capital position is reported to the Boards as part of its regular monthly Chief Financial Officer's financial reporting update. Additional short-term forecasts are provided where a deviation from the target PCA multiple is experienced or where levels are close to the lower end of the target range of capital.

The following table represents the regulatory capital position of the Level 2 Insurance Group:

Level 2 Insurance Group	2025 $'000	2024 $'000
Common Equity Tier 1 capital		
Paid-up ordinary shares	857,890	857,890
Retained (losses) / earnings brought forward	18,938	(37,182)
Impact of initial application of AASB 17	(396)	31,469
Current year earnings	46,134	52,654
Dividends declared or paid	(148,500)	(28,000)
Excess technical provisions (net of tax)	29,537	20,644
	803,603	**897,475**
Less: Deductions		
Goodwill and other intangible assets	238,443	238,553
Deferred tax (liability) / asset	(64,168)	17,513
Common Equity Tier 1 capital	**629,328**	**641,409**
Tier 2 capital		
Subordinated debt	60,000	60,000
Total Tier 2 capital	**60,000**	**60,000**
APRA capital base	**689,328**	**701,409**
Prescribed capital amount		
Insurance risk charge	112,619	123,007
Insurance concentration risk charge	65,000	65,000
Asset risk charge	82,949	102,568
Asset concentration risk charge	-	-
Operational risk charge	43,326	41,081
Aggregation benefit	50,039	(59,101)
Prescribed capital amount	**253,855**	**272,555**
PCA multiple	**2.72**	**2.57**

Application of the Internal Capital Adequacy Assessment Process (ICAAP) ensures that all material risks to which the Insurance Group is exposed have been considered and ensures an appropriate level of capital is held against these risks which is consistent with the Board's risk appetite. The ICAAP also ensures that there is adequate review, monitoring and reporting of actual and forecast capital positions to the Board on a monthly basis.

Key considerations of the Insurance Group's ICAAP are return on capital targets, current and forecast profitability as defined in the annual budget process, capital structure, dividend payments, investment strategy, product mix, reserving strength and reinsurance arrangements.

Incorporated within the ICAAP are regular reviews of the Insurance Group's capital needs and risk profile. In order to quantify the Insurance Group's risk profile, a dynamic financial analysis is undertaken at least every two years. This analysis incorporates a number of factors, such as current and future profitability, reinsurance arrangements, investment mix and the insurance liability profile. It also provides simulations of multiple scenarios to determine a range of impairment risk measures. The Boards of the Insurance Group consider the risk of impairment measures through the annual risk appetite setting process to set a target and trading range of capital to sustain the business in the event of numerous adverse impacts.

RACQ Insurance has entered into a Deed of Support with its ultimate parent entity, The Royal Automobile Club of Queensland Limited, to receive additional capital if and to the extent it is required for RACQ Insurance to maintain its capital adequacy requirements in accordance with the relevant APRA prudential standards. The Deed of Support remains in place whilst RACQ Insurance is a wholly-owned subsidiary of the Group. Should the sale of 90% of RACQ Insurance complete, the Deed of Support ceases to operate.

5. Banking activities

5.1 Banking Result

	2025 $'000	2024 $'000
Interest income	158,931	140,397
Interest expense	(94,618)	(82,817)
Net interest income	**64,313**	**57,580**
Other income	2,105	2,433
Employee benefits expense	(30,138)	(29,680)
Other operating expenses	(21,142)	(19,427)
Credit and other financial asset impairment loss	(411)	(291)
Banking result	**14,727**	**10,615**

Accounting policies

Interest income and expense

Interest income and expense on financial assets and liabilities is recognised as interest and is accrued using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash flows over the expected life of the financial assets or liabilities to which they relate.

For loans classified as Stage 3 within the Expected Credit Loss (ECL) assessment, interest revenue is recognised on gross carrying amounts net of impairment provisions.

Fees, transaction costs and issue costs directly attributable to the establishment or issue of financial assets and liabilities are capitalised and included in the interest recognised over the expected life of the instrument.

Other income

Other income includes investment income and a range of fees earned on the provision of banking services to members. Account servicing and facility fees are generally charged on a monthly or annual basis and are recognised as revenue over the service period. Transaction based fees are charged and recognised at the time of the transaction.

5.2 Loans and Advances

	2025 $'000	2024 $'000
Housing loans	2,552,521	2,320,911
Personal loans	113,112	114,228
Revolving credit	6,002	6,358
Commercial loans	1,364	1,863
Gross loans and advances	**2,672,999**	**2,443,360**
Unamortised loan fees	1,640	1,374
Provision for impairment	(2,468)	(2,153)
Net loans and advances	**2,672,171**	**2,442,581**
Current	681,298	587,901
Non-current	1,990,873	1,854,680
Total	**2,672,171**	**2,442,581**

Accounting policies

Loans and advances are financial assets held within a business model whose objective is to collect contractual cash flows. The contractual cash flows for loans and advances are solely payments of principal and interest on the principal amount outstanding. These instruments are accordingly measured at amortised cost in accordance with AASB 9 *Financial Instruments* (AASB 9).

Loans and advances are recognised at settlement date when loan funding is provided to the borrower. They are initially recognised at their fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at their amortised cost using the effective interest rate method and presented net of provision for impairment. Refer to Note 5.3 for the accounting policy on the provision for impairment.

5.3 Impairment of Loans and Advances

$'000 – ECL	Stage 1 Collective Provision 12-month ECL	Stage 2 Collective Provision Lifetime ECL	Stage 3 Collective Provision Lifetime ECL	Stage 3 Specific Provision Lifetime ECL	Total
ECL allowance as at 1 July 2024	**983**	**176**	**408**	**586**	**2,153**
Transfer to/(from) Stage 1	385	(89)	(190)	(106)	-
Transfer to/(from) Stage 2	(3)	24	(8)	(13)	-
Transfer to/(from) Stage 3	(5)	(12)	11	6	-
New and increased provisions (net of releases)	22	120	95	183	420
Write-offs from specific provisions	-	-	-	(105)	(105)
ECL allowance as at 30 June 2025	**1,382**	**219**	**316**	**551**	**2,468**
ECL allowance as at 1 July 2023	**798**	**164**	**422**	**430**	**1,814**
Transfer to/(from) Stage 1	304	(70)	(176)	(58)	-
Transfer to/(from) Stage 2	(6)	87	(57)	(24)	-
Transfer to/(from) Stage 3	(5)	(18)	12	11	-
New and increased provisions (net of releases)	(108)	13	207	274	386
Write-offs from specific provisions	-	-	-	(47)	(47)
ECL allowance as at 30 June 2024	**983**	**176**	**408**	**586**	**2,153**

Credit and other financial asset impairment (loss) / reversal

	2025 $'000	2024 $'000
Net collective provision - loans and advances	(351)	(183)
Net specific provision - loans and advances	(70)	(203)
Bad debts recovered - loans and advances	9	11
Impairment reversal of other financial assets	1	84
Total credit and other financial asset impairment loss	**(411)**	**(291)**

Recognition and measurement

Overview of the ECL principles

The ECL methodology used for determining impairment provisions under AASB 9 applies to all loans and advances and other debt financial assets not held at fair value. The ECL methodology is forward-looking and does not require evidence of an actual loss event for impairment provisions to be recognised.

The Group applies a three-stage approach to measuring ECLs.

Stage	Loan classification	Provision assessment	ECL measurement basis
Stage 1 – Performing	Performing loans	Collective	12 months ECL – on origination, financial assets recognise an ECL provision equivalent to credit losses expected to arise from defaults occurring over the next 12 months.
Stage 2 – SICR	Loans that have experienced a significant increase in credit risk (SICR)	Collective	Lifetime ECL – financial assets that have experienced a SICR recognise an ECL provision equivalent to credit losses expected to arise from defaults occurring over the remaining life of financial assets.
Stage 3 – Default	Non-performing loans (not credit impaired)	Collective	Lifetime ECL – financial assets that are in default recognise a lifetime ECL provision. Where the loan is not credit impaired, provision determined on a collective basis within the ECL model.
	Impaired loans	Specific	Lifetime ECL – loans that are in default and each loan's individual assessment for impairment results in shortfall, based on the estimated future cash flows of the exposure.

On origination, all exposures are performing loans and are allocated to Stage 1. At each reporting date, the Group assesses the credit risk of exposures in comparison to the risk at origination, to determine the applicable ECL stage for each exposure. If the credit risk of an exposure has increased significantly since origination, it will migrate to Stage 2. Should an exposure enter default, it will migrate to Stage 3. The definitions of SICR and default are outlined below.

Significant increase in credit risk

SICR is assessed by comparing the risk of default occurring over the expected life of a financial asset at reporting date to the corresponding risk of default at origination. In assessing SICR, the Group considers internally available information, external data and forecast information.

For loans and advances, the Group considers contractual payments that are 30 days past due, or an exposure being accepted for financial hardship relief as the primary indicators of SICR.

Default and write-offs

Default occurs when it is unlikely that a borrower will meet contractual credit obligations in full, or when the exposure enters 90 days past due. Exposures in default are classified as credit impaired when there is doubt as to whether the full amounts due, including interest and other payments, will be received in a timely manner.

Loans are written off when there is no reasonable expectation of recovery. Loans are written off against the related ECL provision on completion of the internal recovery action and when all reasonable expected recoveries have been collected. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in the Consolidated Income Statement. When a subsequent event results in the recovery of an impairment loss, this is recognised through the Consolidated Income Statement.

Measuring ECL – Collective provisions

The ECL is a probability-weighted expected credit loss estimated by evaluating a range of possible scenarios. Taking into consideration the time value of money, historical losses, current loan portfolio information and current and forecast economic conditions.

The Group uses a collective provision model to calculate ECLs for each significant portfolio: housing loans, personal loans (secured and unsecured), revolving credit and commercial loans.

The amount of ECL is the product of the following credit risk factors:

Probability of default (PD)	The likelihood that a borrower will default over a given period
Loss given default (LGD)	The amount that is not expected to be recovered following default
Exposure at default (EAD)	The expected balance sheet exposure in the event of default

Measuring ECL – Specific provisions

Secured exposures (residential mortgages and secured personal loans) that are in default and not well secured are subject to an individual provision assessment. Impairment provisions on these exposures are calculated as the difference between the carrying amount of the defaulted loan and the present value of future cash flows from realisation of security, after making an allowance for realisation costs (real estate and legal fees).

Forward-looking information

The credit risk factors of PD and LGD used in the ECL model are point-in-time estimates based on current conditions and adjusted to include the impact of unbiased, probability-weighted forecast economic scenarios. These economic scenarios were built using macro-economic factors most closely correlated with the Group's historical credit losses, namely the unemployment rate, annual change in gross domestic product (GDP) and the Brisbane house price index. The weights assigned to each scenario are based on management's best estimate of the proportion of potential future loss events that each scenario represents.

The Group uses the following four alternative forward-looking scenarios in estimating ECL:

Weightings	30 June 2025	30 June 2024	Considerations at 30 June 2025
Baseline scenario	45%	45%	Reflects current economic conditions and is largely aligned with the Reserve Bank of Australia's (RBA) latest economic forecasts. Unemployment rate is expected to rise slightly in 2025 to 4.1% but long-term forecast is expected to remain below the rates of the past five decades. Annual GDP growth is expected to increase to 2.2% in 2025 and then return to historical trend by the end of 2025. House prices forecast for Brisbane is expected to increase by 3.0% in 2025 followed by a further uplift of 6.1% in 2026.
Downside	40%	40%	Derived from the baseline. Assumes negative impacts of greater global uncertainty resulting in lower investment and household spending that poses a downside risk to domestic economic activity. Unemployment rate being 2.0% unfavourable and annual GDP 1.0% unfavourable to baseline.
Upside	5%	5%	Derived from the baseline. however, assumes a faster recovery in GDP, and therefore lower unemployment and higher increases in the house price index. Unemployment rate and annual GDP being 1.0% favourable compared to baseline.
Severe downturn	10%	10%	Derived taking into consideration the results of APRA's stress testing of banks during COVID-19 in December 2020. The economic conditions underlying the stress tests were based on very severe forward-looking economic assumptions, well beyond the impact of COVID-19. The scenario developed by APRA composed of a very large fall in economic activity, with GDP falling by 15.0%, unemployment rising to over 13.0% and national house prices falling by over 30.0% over a 3-year period.

Lifetime of loans

Exposures allocated to Stage 2 and Stage 3 of the ECL are determined on a lifetime expected loss basis. The Group estimates the expected lives of financial instruments with reference to each loan portfolio's historical behavioural term and does not exceed the maximum contractual period.

ECL governance

Members Banking Group Limited's (RACQ Bank) Credit Risk Committee reviews the ECL methodology and model at least annually, taking into consideration actual loan loss experience and changes in underlying loan portfolios. Where deemed necessary, credit risk parameters may be recalibrated.

RACQ Bank's Asset and Liability Committee is responsible for reviewing and approving the macro-economic forecast scenarios and associated probability weightings on a regular basis.

Management adjustments and overlays may be made to impairment provisions to account for circumstances where known or emerging risks have not been captured in the ECL modelling process. RACQ Bank's Credit Risk Committee is responsible for approving such adjustments.

ECL Sensitivity

The table below discloses the collectively assessed provision outcomes assuming a 100% weighting is applied to the relevant scenario, all other assumptions held constant.

Scenario Outcomes	30 June 2025 $'000	30 June 2024 $'000
Baseline scenario	1,216	637
Downside	1,384	804
Upside	1,106	537
Severe downturn	1,893	1,232

5.4 Deposits

	2025 $'000	2024 $'000
Call deposits	1,539,279	1,402,643
Negotiable certificates of deposit	168,303	144,520
Retail term deposits	912,584	860,013
Wholesale term deposits	65,898	27,078
Total deposits	**2,686,064**	**2,434,254**
Current	2,669,016	2,415,805
Non-Current	17,048	18,449
Total deposits	**2,686,064**	**2,434,254**

The deposit portfolio does not include any deposit which represents 10% or more of the total liabilities.

Accounting policies

Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method. Interest expense on deposits is recognised on an accrual basis. Interest accrued at reporting date is shown as part of deposits.

5.5 Borrowings

	2025 $'000	2024 $'000
Medium Term Notes		
Balance at beginning of financial year	191,020	120,670
Proceeds	80,000	70,000
Repayments	(55,000)	-
Net movement in interest accrued	12	350
Carrying amount at end of financial year	**216,032**	**191,020**
RBA Term Funding Facility		
Balance at beginning of financial year	-	97,029
Repayments	-	(96,546)
Net movement in interest accrued	-	(483)
Carrying amount at end of financial year (excluding interest rate swap hedge)	**-**	**-**
Interest rate swap hedge		
Balance at beginning of financial year	-	(441)
Fair value on hedge exposure	-	520
Net movement in interest accrued	-	(79)
Carrying amount at end of financial year	**-**	**-**
Total Borrowings	**216,032**	**191,020**
Total Borrowings (excluding interest rate swap hedge)	216,032	191,020
Current	66,032	56,020
Non-current	150,000	135,000
Total Borrowings	**216,032**	**191,020**

Accounting policies

Borrowings are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method. Interest expense on borrowings is recognised on an accrual basis. Interest accrued at reporting date is shown as part of borrowings.

5.5.1 Borrowing facilities

	Approved Facility $'000	Amount Drawn $'000	Amount Available $'000
2025			
Overdraft facility	10,000	-	10,000
Medium Term Notes	500,000	216,032	283,968
Reserve Bank of Australia (self-securitisation)	473,250	-	473,250
	983,250	**216,032**	**767,218**
2024			
Overdraft facility	10,000	-	10,000
Medium Term Notes	500,000	191,020	308,980
Reserve Bank of Australia (self-securitisation)	473,343	-	473,343
	983,343	**191,020**	**792,323**

Medium Term Notes

The Group has an established $500 million Debt Issuance Programme (dated 2 May 2018) under which medium term notes (MTN) and other debt securities may, from time to time, be issued up to the programme limit. During the current financial year, the Bank executed one new MTN transaction, a $80 million 3-year floating-rate note issuance, with a maturity date of 23 May 2028.

Self-securitisation vehicle

The amount of liquidity available from RACQ Bank's self-securitisation vehicle at 30 June 2025 was $473.3 million (2024: $473.3 million). The Group did not access any of this contingent liquidity during the current or previous financial year.

5.6 Banking capital management

As Members Banking Group Limited (RACQ Bank) is an ADI regulated by APRA, it must maintain a minimum level of capital adequacy.

The Banking Group (including RACQ Bank, The Arrow Funding Trust No. 1 and Club Finance Holdings Limited) maintains sufficient capital resources to support business activities and operating requirements and to ensure continuous compliance with externally and internally imposed capital ratios.

The adequacy of the Banking Group's capital is managed in accordance with the APRA prudential standards. To manage, monitor and report regulatory and economic capital, the Banking Group has an Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement and Policy Document, which sets out the objectives, processes, responsibilities and reporting requirements for the ICAAP, and an ICAAP Annual Report, which sets out the results of the annual assessment process. The ICAAP is approved by the RACQ Bank Board on an annual basis.

The Banking Group's capital position is monitored and reported monthly to the RACQ Bank Board. The capital ratios throughout the current and prior financial year complied with APRA minimum capital adequacy requirements and ICAAP minimums approved by the RACQ Bank Board.

The following table represents the regulatory capital position of the Level 2 Banking Group:

Level 2 Banking Group	2025 $'000	2024 $'000
Common Equity Tier 1 Capital		
Paid-up ordinary share capital	65,500	65,500
Retained earnings	131,986	121,776
Dividends paid	(20,000)	(5,000)
Other reserves	15,750	22,166
Common Equity Tier 1 Capital	**193,236**	**204,442**
Less: prescribed deductions	(4,063)	(15,189)
Net Common Equity Tier 1 Capital	**189,173**	**189,253**
Tier 2 Capital		
Provision for future credit losses	1,823	1,353
Net Tier 2 Capital	**1,823**	**1,353**
APRA Capital base	**190,996**	**190,606**
Risk weighted assets	**1,104,740**	**1,056,710**
Tier 1 Capital Ratio	17.1%	17.9%
Tier 2 Capital Ratio	0.2%	0.1%
Total Capital Ratio	**17.3%**	**18.0%**

Throughout the financial year, RACQ Bank has maintained a capital ratio in excess of the Board approved capital target of 15.25%. A capital injection trigger is set between management's capital target and the prudential minimum. Should the capital position fall below this, the Bank Recovery and Exit Plan will be enacted with a potential injection of capital to restore capital levels to that equal or above the trigger point as required. The Boards, together with management, will consider the outlook for capital in arriving at the appropriate restored capital level.

Excess capital is available for distribution to the shareholder and dividends are considered by management when the capital position exceeds the target capital level. Dividend payments cannot reduce the capital position to below the trigger point and are evaluated throughout the year.

The Banking Group has entered into a Deed of Support with its ultimate parent entity, The Royal Automobile Club of Queensland Limited, to receive additional capital if and to the extent it is required for the Banking Group to maintain its capital adequacy in accordance with the relevant APRA prudential standards. The Deed of Support remains in place whilst RACQ Bank is a wholly owned subsidiary of RACQ.

6. Financial instruments

6.1 Net investment income

	2025 $'000	2024 $'000
Interest income		
Financial assets at amortised cost	729	900
Financial assets at fair value through profit or loss	67,522	66,989
Dividend income		
Financial assets at fair value through other comprehensive income	388	884
Total investment interest and dividend income	**68,639**	**68,773**
Net gains on:		
Initial recognition of retained interest in former associate as a financial asset	10,602	19,701
Disposal of financial assets at amortised cost	-	264
Financial assets at fair value through profit or loss	25,590	14,847
Net gains on financial assets	**36,192**	**34,812**

Investment income is comprised of interest income on funds invested and dividend income. Interest income on assets at amortised cost is recognised using the effective interest method. Dividends and distribution income are recognised when the right to receive income is established.

Net gains/(losses) on financial assets are comprised of net gain/(losses) on the disposal of financial assets and changes in the fair value of financial assets held at fair value through profit or loss.

In the prior year, the Group discontinued accounting for its investment in Honey Insurance Pty Ltd (Honey) using the equity method, resulting in a gain on initial recognition of the retained interest in the former associate as a financial asset. The retained equity interest in Honey has been designated as a financial asset at fair value through other comprehensive income, consistent with the Group's other investments in unlisted equities. Refer further details in Note 8.7.

6.2 Financial assets

	2025 $'000	2024 $'000
Amortised cost		
Deposits with ADIs	472,245	346,290
Financial assets mandatorily held at fair value through profit or loss		
Unit trusts	229,847	118,716
Hybrid securities	6,265	11,428
Debt securities	1,375,917	1,281,406
Financial assets designated at fair value through profit or loss		
Deposits and bills	-	147,511
Designated at fair value through OCI		
Equity securities – shares in listed and unlisted entities	55,998	33,658
Total financial assets	**2,140,272**	**1,939,009**
Current	1,082,372	651,027
Non-current	1,057,900	1,287,982
Total financial assets	**2,140,272**	**1,939,009**

Accounting policies for financial assets are provided in Note 6.4.

6.2.1 Fair value hierarchy

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

Level 1	Quoted closing prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6.2.2 Financial instruments measured at fair value

The following table presents the financial instruments that are measured at fair value categorised by fair value hierarchy:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2025				
Financial assets at fair value through profit or loss				
Unit trusts	-	229,847	-	229,847
Hybrid securities	6,265	-	-	6,265
Debt securities	151	1,375,766	-	1,375,917
Financial assets designated at fair value through OCI				
Equity securities – shares in listed and unlisted entities	-	-	55,998	55,998
	6,416	**1,605,613**	**55,998**	**1,668,027**
2024				
Financial assets at fair value through profit or loss				
Unit trusts	-	118,716	-	118,716
Hybrid securities	11,428	-	-	11,428
Debt securities	10	1,281,396	-	1,281,406
Deposits and bills	-	147,511	-	147,511
Financial assets designated at fair value through OCI				
Equity securities – shares in listed and unlisted entities	-	19,701	13,957	33,658
	11,438	**1,567,324**	**13,957**	**1,592,719**

During the financial year, the Group did not have transfers between Level 1 and Level 2 of the fair value hierarchy. Transfers into Level 3 were due to the lack of observable valuation inputs for certain investments.

Reconciliation of balances in level 3 of the fair value hierarchy

The following table summarises the movements in Level 3 of the fair value hierarchy for financial assets, measured at fair value on a recurring basis. Refer to Note 6.2.5 for further information regarding Level 3 fair value measurement.

	2025 $'000	2024 $'000
Balance at the beginning of the financial year	13,957	12,848
Additions	20,225	-
Transfers into Level 3[1]	19,701	-
Fair value movements recognised in OCI	9,299	1,109
Disposals	(7,184)	-
Balance at the end of the financial year	**55,998**	**13,957**

1. Assets transferred into Level 3 are presented as if the assets were transferred at the beginning of the financial year.

6.2.3 Financial instruments not measured at fair value

The table below sets out the fair value of financial instruments not measured at fair value after initial recognition or where their carrying value is not a reasonable approximation of fair value, and categorises them by the level in the fair value hierarchy as defined above.

	Fair Value				Carrying Amount
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	$'000
2025					
Financial Assets					
Financial assets at amortised cost	-	475,928	-	**475,928**	472,245
Loans and advances	-	-	2,686,212	**2,686,212**	2,672,171
	-	**475,928**	**2,686,212**	**3,162,140**	**3,144,416**
Financial Liabilities					
Deposits	-	(2,688,557)	-	**(2,688,557)**	(2,686,064)
Borrowings	-	(223,815)	-	**(223,815)**	(216,032)
		(2,912,372)	**-**	**(2,912,372)**	**(2,902,096)**
2024					
Financial Assets					
Financial assets at amortised cost	-	347,039	-	**347,039**	346,290
Loans and advances	-	-	2,447,015	**2,447,015**	2,442,581
	-	**347,039**	**2,447,015**	**2,794,054**	**2,788,871**
Financial Liabilities					
Deposits	-	(2,441,887)	-	**(2,441,887)**	(2,434,254)
Borrowings	-	(196,427)	-	**(196,427)**	(191,020)
	-	**(2,638,314)**	**-**	**(2,638,314)**	**(2,625,274)**

6.2.4 Valuation approach

The following methods and assumptions are used to determine the fair values of financial assets and financial liabilities:

Cash and cash equivalents	The carrying values approximate their fair value as they are short term in nature or are receivable on demand.
FVOCI / FVTPL	For investments traded in an active market, fair value is determined by reference to quoted bid price or redemption price for similar instruments at the reporting date. For investments in listed and unlisted equities that are not traded on an active market, the fair value has been determined using valuation techniques that required the use of observable inputs, such as recent share transactions, or unobservable inputs. The Group uses its judgement in determining fair value, making assumptions with respect to illiquidity and potential market participants in the event the shares were to be sold. Refer to Note 6.2.5 for further information regarding Level 3 fair value measurement.
Assets measured at amortised cost	The fair value of these assets was determined using discounted cash flow models based on the maturity of the debt instruments. The discount rates applied were based on the 30 June 2025 benchmark rates on offer for the remaining term of each instrument.
Loans and Advances	For variable rate loans, excluding impaired loans, the carrying value is a reasonable estimate of the fair value. The fair value for fixed rate loans was calculated by using discounted cash flow models based on the repricing date of the loans. The discount rates applied were based on the 30 June 2025 benchmark rates on offer for the remaining term of each loan.
Deposits	The net fair value for term deposits was calculated by using discounted cash flow models based upon maturity of the deposits. The discount rates applied were based on the 30 June 2025 benchmark rates on offer for the remaining term of each instrument. The fair value of non-interest bearing, at call and variable rate deposits approximates the carrying value as at 30 June 2025.
Borrowings	Borrowings are comprised of medium-term notes. The fair value was calculated by using discounted cash flow models based on the maturity of the notes. The discount rates applied were based on the 30 June 2025 benchmark rates on offer for the remaining term of each instrument.

6.2.5 Level 3 fair value measurement

The Group holds unlisted equity investments classified as Level 3 in the fair value hierarchy, reflecting the absence of quoted market prices and the limited availability of observable inputs. These investments are held for long-term strategic purposes and are not intended for active trading. Fair value is measured on a recurring basis using valuation techniques that incorporate both investee-specific performance indicators and relevant market-based factors.

Given the lack of recent observable market transactions, the Group adopts valuation techniques that assess each investment's current financial position and operating performance relative to the most recent arm's length transaction available or independent valuation for that investment. This includes consideration of key financial metrics such as profitability performance, normalised or adjusted earnings and changes in net asset value.

The Group believes these valuation techniques provide a reasonable basis for estimating fair value in the absence of more recent market data. These techniques involve significant management judgement but do not rely on specific quantitative unobservable inputs that are individually meaningful or reasonably variable for sensitivity disclosure. Accordingly, no sensitivity analysis has been presented.

Fair values are reviewed annually and adjusted if there is evidence of a material change in the investee's underlying fundamentals or relevant market conditions.

6.3 Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. Information about the Group's financial risks and the objectives, policies and processes for managing these risks are outlined below.

6.3.1 Overview

The Group applies a consistent and integrated approach to enterprise risk management. The Group Risk Management Framework (RMF) sets out the minimum standards and expectations for the management of financial risks across the Group. The framework comprises the Group Risk Management Strategy, Risk Appetite Statements, business plans, policies and procedures for the management of material risks, a designated risk management function, Internal Capital Adequacy Assessment Processes, and the management information system.

The Board of Directors, including the Board for each of the regulated entities, Club Insurance Holdings Pty Ltd, Club Finance Holdings Limited, RACQ Insurance Limited and Members Banking Group Limited (RACQ Bank), have overall responsibility for the establishment and oversight of the risk management framework. Each Board has established Committees which assist their respective Boards with the fulfilment of its responsibilities and to increase the effectiveness of its governance oversight of the Group:

i. the RACQ Limited, Insurance and Bank Risk and Compliance Committees (RCC) - Assist the boards by providing an objective oversight of the implementation and operation of the risk management frameworks to satisfactorily address the existing and emerging financial and non-financial risks of the Group.

ii. the Group, Insurance and Bank Audit Committees (AC) - Assist the boards by providing an objective review of the effectiveness of the risk management frameworks, financial reporting and audit processes, inclusive of the system of internal controls and compliance.

iii. the People and Purpose Committee (PPC) - Assists the boards to ensure the RACQ Group has appropriate remuneration, people, nomination and sustainability frameworks, policies and practices that creates an organisational culture in accord with RACQ's values.

To exercise their oversight of material financial risks, senior management has established a multi-layered approach consisting of:

i. Executive oversight of all material risks for the Group through the RACQ Limited Executive Risk & Compliance Committee, supported by the Bank Executive Risk & Compliance Committee and Insurance Executive Risk & Compliance Committee.

ii. Technical oversight of all material financial risks for the Group through:

   a. Group, Insurance and Bank Asset and Liability Committees (ALCOs), responsible for oversight of capital and balance sheet risks including treasury credit, liquidity, funding, and market risk.

   b. Insurance Portfolio Risk Committee, responsible for oversight of insurance service delivery risk, including insurance product design and pricing, distribution, claims management, and reserving.

   c. Bank Credit Risk Committee, responsible for oversight of the Bank's credit risk including ensuring it operates within the Credit Risk Management Strategy, regular monitoring of credit quality, concentrations, arrears, policy exceptions/breaches and portfolio stress testing.

   d. Member Assistance Portfolio Committee, responsible for oversight of assistance service delivery risk, including roadside assistance and RACQ Auto product design and pricing, distribution, supplier/contractor management and claims management.

   e. Model Technical Risk Committee, responsible for oversight of model risk and model governance, including the development, validation and performance monitoring of models used in financial reporting, capital adequacy, pricing, provisioning and risk management.

RACQ Group adopts a three lines of accountability model to support effective risk governance through clarity of responsibilities and independent oversight. The three lines are:

1st Line of Accountability	The business owns, identifies, understands, assesses and manages their risk and compliance, in line with policy and procedures that reflect the Boards' risk appetite.
2nd Line of Accountability	Risk and Compliance functions own and maintain effective risk and compliance frameworks, systems and policies.
3rd Line of Accountability	Internal Audit provides independent and objective assurance over the adequacy and effectiveness of governance, risk management and internal control frameworks.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

6.3.2 Credit risk

Credit risk is the risk of financial loss to the Group if a member or counterparty fails to meet its contractual obligations.

The Group has an established Credit Risk Management Framework, which incorporates the strategies, policies and operating standards that documents how RACQ Limited identifies, measures, monitors, mitigates and reports its credit risk. The framework consists of:

Board Risk Appetite Statement (RAS)	Provides a statement of the Board's overall credit risk tolerance.
Credit Risk Management Strategy (CRMS)	Sets out the strategies, policies, processes and governance for managing credit risk within the RACQ Bank Board's risk appetite for lending, including the key operating standards and responsibilities relating to the assessment, approval, management, reporting and monitoring of credit risk.
Liquidity Management Policies (LMP)	Sets out the strategies, policies and processes for managing Group, Insurance and Bank's exposure limits and risk concentration to investment and derivative counterparties, in accordance with the boards' risk appetite and APRA prudential standards.

Credit risk arises principally from the investment in interest-bearing securities, reinsurance contract assets and lending activities. Due to the nature of RACQ Bank's business, credit risk exposure arising from RACQ Bank's financial assets is managed separately to other business areas of the Group.

Credit risk is mitigated by ensuring the Group invests in secure assets, transacting with financially sound counterparties and monitoring all funds owed on a timely basis. Exposure to credit risk is monitored on a regular basis.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets as summarised in the tables below. The Group does not hold any significant collateral as security over its receivables and there are no significant concentrations of credit risk within the Group.

The following table provides information regarding the credit risk exposure of the Group's financial and reinsurance contract assets (excluding RACQ Bank) classified according to Standard & Poor's credit ratings. Short-term ratings are applied to cash and cash equivalents and long-term ratings are applied to other financial assets.

	Neither past due nor impaired					Past due but not impaired		
	AAA $'000	AA+ to AA- $'000	A+ to A- $'000	Below A- $'000	Not Rated $'000	$'000	Impaired $'000	Total $'000
2025								
Cash and cash equivalents	38,901	-	1,728	-	482	-	-	**41,111**
Trade and other receivables								
Other current trade and other receivables	-	-	-	-	26,269	-	-	**26,269**
Non-current trade and other receivables	-	-	-	-	1,633	-	-	**1,633**
Total Trade and other receivables	**-**	**-**	**-**	**-**	**27,902**	**-**	**-**	**27,902**
Reinsurance contract assets	177,274	378,160	52,062	163	-	-	-	**607,659**
Debt securities	391,297	652,684	249,676	71,813	10,447	-	-	**1,375,917**
Deposits and bills	-	-	-	-	-	-	-	**-**
Total	**607,472**	**1,030,844**	**303,466**	**71,976**	**38,831**	**-**	**-**	**2,052,589**
2024								
Cash and cash equivalents	47,074	-	20,241	-	16	-	-	**67,331**
Trade and other receivables								
Other current trade and other receivables	-	-	-	-	15,707	-	-	**15,707**
Non-current trade and other receivables	-	-	-	-	5,348	-	-	**5,348**
Total Trade and other receivables	**-**	**-**	**-**	**-**	**21,055**	**-**	**-**	**21,055**
Reinsurance contract assets	18,447	556,478	48,775	1,185	-	-	-	**624,885**
Debt securities	304,179	620,468	251,904	104,855	-	-	-	**1,281,406**
Deposits and bills	19,802	114,128	13,581	-	-	-	-	**147,511**
Total	**389,502**	**1,291,074**	**334,501**	**106,040**	**21,071**	**-**	**-**	**2,142,188**

The carrying amount of the relevant asset classes in the Consolidated Balance Sheet represents the maximum amount of credit exposures as at reporting date.

i. Investment in interest-bearing securities

Interest-bearing securities are held in accordance with the investment guidelines approved by the boards. The investment guidelines detail the investment strategies, asset selection, asset allocation, credit worthiness and maximum exposures to single counterparties. The Group limits its exposure to credit risk by only investing in interest-bearing securities that comply with Board-approved credit rating exposure limits that are reviewed on a regular basis. Given these exposure limits, management does not expect any counterparty to fail to meet its obligations.

ii. Reinsurance contract assets

Credit risk with respect to reinsurance programs is mitigated by the placement of cover with a number of reinsurers with high credit ratings. Reinsurance arrangements and recoveries are regularly monitored and managed by a senior Executive Committee of RACQ Insurance Limited and by specialised reinsurance brokers operating within the international reinsurance market. The credit risk to reinsurers is managed through the Group having a pre-determined policy on the appropriate credit rating a reinsurer must have to participate in the reinsurance program. Reinsurance is placed with companies with Standard and Poor's credit ratings (or equivalent) of 'A minus' or better. Reinsurance contracts include a provision that protects the Group in the event of a downgrade below 'A minus' whereby that individual reinsurer can be replaced.

The credit risk from other insurance-related recoveries with third parties arises from the issuing of recovery action against individual counterparties. Following the identification of a recovery, the debt is monitored and pursued to ensure receipt or to assess recoverability where difficulties arise.

Banking Operations

Banking credit risk is the risk that members, financial institutions and other counterparties will default and be unable to meet their contractual obligations as and when they fall due, which may result in financial losses. Credit risk arises principally from the loans and advances, other financial assets at amortised cost and cash at bank.

i. Loans and Advances

Credit risk for loans and advances is managed by way of defined credit and responsible lending policies, strict adherence with those policies before loans are approved, proactive management of arrears or defaults in the repayment of loans thereafter and active monitoring of the quality of the loan portfolio on an ongoing basis. Credit Delivery is embedded within the first line.

RACQ Bank has a dedicated Credit Policy and Review team, as part of the second line. The CRMS has been endorsed by the RACQ Bank Board to ensure that loans are only made to members that are assessed as credit-worthy (capable of meeting loan repayments) and that appropriate security is taken against loans made.

The Bank Credit Risk Committee (BCRC) reviews and implements the CRMS in line with risk appetite limits, monitors RACQ Bank's credit risk profile and provides recommendations of credit-related matters to the Bank Risk and Compliance Committee.

RACQ Bank has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure to individual borrowers, interest-only, high loan-to-value ratio lending and high Debt-to-income (DTI) ≥6 times;
- Reassessment and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and advances;
- Hardship and debt recovery procedures; and
- Review of compliance with the above policies by the RACQ Bank second line Credit Policy and Review team.

During the previous financial year, RACQ Bank's Credit Committee implemented appropriate risk-based enhancements to the credit policy to maintain and manage the current risk environment.

Maximum Credit Risk Exposure

RACQ Bank's maximum exposures to credit risk at the end of the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet, except loans and advances, where the maximum credit risk is $2,725.2 million (2024: $2,480.5 million). In adopting these values as the maximum exposures, this does not consider the value of any collateral or other security held in the event other parties fail to perform their obligations under the financial instruments in question.

Further, these values do not consider the value of financial liabilities that carry a legally recognised right of set-off against certain financial assets.

Credit quality analysis

Loan-to-valuation (LVR) ratios – Residential mortgage lending

Gross carrying amount 2025	ECL Stage 1 $'000	ECL Stage 2 $'000	ECL Stage 3 $'000	Total $'000
LVR 0% - 60%	1,369,645	2,998	3,274	1,375,917
LVR 60.01% - 80%	913,251	985	4,478	918,714
LVR 80.01% - 90%	185,940	573	-	186,513
LVR 90.01% - 100%	70,526	-	549	71,075
LVR > 100%	302	-	-	302
	2,539,664	**4,556**	**8,301**	**2,552,521**
2024	**$'000**	**$'000**	**$'000**	**$'000**
LVR 0% - 60%	1,113,927	2,687	2,380	1,118,994
LVR 60.01% - 80%	920,542	4,658	3,249	928,449
LVR 80.01% - 90%	208,423	1,067	1,354	210,844
LVR 90.01% - 100%	61,745	-	879	62,624
LVR > 100%	-	-	-	-
	2,304,637	**8,412**	**7,862**	**2,320,911**

Valuation amounts used in these calculations are based on the latest security values, which are obtained at the time the loans were originated or other times in accordance with credit policy.

Past due and impaired loans

A loan or overdraft is past due when the counterparty has failed to make a payment when contractually due. Past due does not mean that a counterparty will never pay but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Weekly reports monitor loan repayments to detect delays in repayments and recovery action is undertaken where appropriate.

Details on how impairment provisions are considered on loans that are past due or impaired are outlined in Note 5.3.

The following table shows the credit quality of loans and advances by impairment class:

	2025 $'000	2024 $'000
Performing loans	2,600,841	2,384,467
Past due but not impaired	71,572	58,267
Collective provision for impairment	(1,917)	(1,567)
Net performing and past due loans not impaired	**2,670,496**	**2,441,167**
Gross impaired loans	586	626
Specific provision for impairment	(551)	(586)
Net impaired loans	**35**	**40**
Unamortised loan fees	1,640	1,374
Net loans and advances	**2,672,171**	**2,442,581**

The following table represents an ageing analysis of loans past due but not impaired as at the end of the reporting period:

Gross carrying amount	1-29 days $'000	30-89 days $'000	90-179 days $'000	180+ days $'000	Total $'000
2025					
Past due but not impaired	57,884	4,991	5,352	3,345	**71,572**
2024					
Past due but not impaired	43,433	6,595	3,779	4,460	**58,267**

Collateral management

Collateral is used to mitigate credit risk as the secondary source of repayment in case the borrower cannot meet their contractual repayment commitments. The amount of collateral obtained, if deemed necessary at origination of a loan, is based on RACQ Bank's credit policy.

95.3% (2024: 94.8%) of the Group's loans and advances are residential mortgage loans, secured by residential property in Australia. The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security. Residential Lenders Mortgage Insurance (LMI) is obtained by RACQ Bank in order to cover any shortfall in the outstanding loan principal and accrued interest after selling the collateral post-default. In accordance with RACQ Bank's credit policy, LMI is generally required for new residential mortgage loan with an LVR in excess of 80%. The financial effect of these measures is that the residual credit risk on residential mortgage loans is significantly reduced.

The following table shows the collateral against gross loans and advances to members:

	2025 $'000	2024 $'000
Loans and advances with collateral	2,660,038	2,429,250
Loans and advances with no collateral	12,961	14,110
Total gross loans and advances	**2,672,999**	**2,443,360**

Where collateral is held, it is in the form of mortgage interests over property, other registered securities over assets, mortgage insurance and guarantees. The fair value of the collateral is measured at the time of providing the loan or advance. The fair value of the collateral is generally not updated except when a loan or advance enters default or when the member seeks a variation to the loan contract.

In the event of borrower default, the Group can take possession of security held as collateral against the outstanding principal and accrued interest. Any loan security for residential mortgages is held as mortgagee in possession while the Group seeks to realise its value through the sale of the property. Therefore, the Group does not hold any real estate acquired through the repossession of collateral.

Concentration risk

Concentration risk is a measurement of the Group's exposure to an individual counterparty (or group of related counterparties). The Group minimises concentrations of credit risk in relation to loans by undertaking transactions with a large number of individual members.

Concentration risk is also managed in accordance with the Prudential Standards issued by APRA. An exposure to an individual counterparty (or group of related counterparties) is considered a large exposure when it exceeds 10% of RACQ Bank's regulatory capital. No additional capital is required to be held against these, but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark to be higher than acceptable.

RACQ Bank holds no significant concentrations of exposures to members.

RACQ Bank has a concentration of loans to members employed in the education industry. This concentration has arisen as RACQ Bank was originally formed to service these members. Loans and advances to members employed in the education industry amounted to $494.8 million or 19% of gross loans and advances (2024: $493.1 million or 20%). The concentration is considered acceptable on the basis that RACQ Bank was originally established to service the education industry, the industry is essential and stable, and the concentration is diversified amongst many employers, including government.

All loan and advances are within Australia with the major exposure being to home loans in Queensland, reflecting 95.3% (2024: 96.6%) of total home loans. These exposures are segmented according to major population centres and regions in Queensland.

Other financial assets at amortised cost

Credit risk in relation to liquid investments is the risk that the investment counterparty will fail to discharge their contractual obligation resulting in the Group incurring a financial loss.

The Group has a low appetite for credit risk in the liquidity investment portfolio, which is held in high quality liquid assets in accordance with RACQ Bank's Liquidity Management Strategy approved by the RACQ Bank Board.

The risk of credit losses is reduced by the liquid nature and high quality of the investments in the portfolio and the use of independent credit ratings to inform decisions regarding limits to individual counterparties and maximum exposures to credit grade bands.

RACQ Bank's Asset and Liability Committee (ALCO) oversees the management of credit risk in the liquidity investment portfolio in accordance with the Bank Liquidity Management Strategy.

RACQ Bank uses the credit ratings of reputable ratings agencies to assess the credit quality of all liquid investment exposures using the credit quality assessment scale in APRA Prudential Standard 112 Capital Adequacy: Standardised Approach to Credit Risk. All liquid investments are required to be with financial institutions with a minimum Standard & Poor's rating of BBB- long term and A-3 short term (or equivalent) or in securities eligible for repurchase by the RBA.

The carrying values (net of expected credit loss provision) of liquid investments associated with each credit quality category for RACQ Bank are listed below.

Standard & Poor's long-term rating or equivalent	2025 $'000	2024 $'000
ADIs – rated AA- and above	210,197	278,734
ADIs – rated A- and above, but below AA-	125,427	47,005
ADIs – rated BBB- and above, but below A-	91,417	77,709
Total	**427,041**	**403,448**

6.3.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains a prudent approach to managing liquidity risk by ensuring, as far as possible, that it will have sufficient liquid assets on a daily basis to meet its payment obligations when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Group has an established liquidity risk management framework, which incorporates the strategies, policies, plans and operating standards that document how the Group identifies, measures, monitors, mitigates and reports its liquidity risk. The framework consists of:

Risk Appetite Statements (RAS)	Provides a statement of the Boards' overall funding and liquidity risk tolerance.
Liquidity Management Policies (LMP)	Sets out the strategies, policies, and processes for managing liquidity and funding risk within the boards' risk appetite, including the key operating standards and responsibilities relating to the management, reporting, and monitoring of funding sources and liquidity governance.
Contingency Funding Plans	Sets out the formal contingency funding plan articulating the available contingency funding sources, their timeliness and amounts available to the Group and the escalation and prioritisation process to utilise contingent funding sources in a timely manner across a variety of scenarios.

The Boards are ultimately responsible for the sound and prudent management of the Group's liquidity risk. All elements of the liquidity risk management framework are reviewed on an annual basis and approved by the Boards.

The Group manages liquidity risk by:

- holding minimum levels of cash within the trading bank accounts to ensure sufficient funds are available to meet daily obligations;
- maintaining minimum levels of liquid investments in financial assets that can be readily converted to cash at short notice; and
- actively monitoring the maturity profiles of financial assets and liabilities to maintain alignment with expected cash flow timing and liquidity needs.

Insurance operations

The assets backing insurance liabilities consist of government securities and other quality securities which can be readily sold or exchanged for cash. These assets are managed so as to broadly match the maturity profile of the expected pattern of insurance claims payments. In the event of a major catastrophe, cash access may also be available under the terms of reinsurance arrangements.

Banking operations

RACQ Bank manages liquidity risk by:

- forecasting cash flows on a daily and monthly basis including scenario and stress testing;
- continuously monitoring actual and daily cash flows and longer term forecasted cash flows;
- monitoring the maturity profiles of financial assets and liabilities;
- limit setting and management of funding diversity;
- maintaining adequate liquidity reserves, liquidity support facilities, reserve borrowing facilities and a RBA repurchase facility arrangement; and
- monitoring the prudential liquidity ratio daily.

RACQ Bank's self-securitisation vehicle, the Arrow Funding Trust No. 1, has issued Residential Mortgage-Backed Securities (RMBS) to RACQ Bank which are eligible for repurchase by the RBA. This facility arrangement is for the purposes of contingent liquidity management and serves to strengthen RACQ Bank's liquidity risk management. The facility limit for the RMBS is outlined in Note 5.5.1.

The following table represents the Group's contractual maturities of financial liabilities. Contractual cash flows are at undiscounted values (including future interest expected to be paid). Accordingly, these values may not agree to the carrying amount.

	Carrying Amount		Gross Nominal Outflows		Within 1 month		1-3 months		3-12 months		1-5 years	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Financial Liabilities												
Deposits	2,686,064	2,434,254	2,702,728	2,451,918	1,760,870	1,583,085	394,606	333,380	527,288	514,016	19,964	21,437
Borrowings	216,032	191,020	235,792	209,634	1,032	1,020	1,877	1,804	72,378	62,729	160,505	144,081
Trade & other payables	110,988	83,274	110,988	83,274	78,284	73,931	1,051	721	15,653	2,936	16,000	5,686
Total Financial Liabilities	**3,013,084**	**2,708,548**	**3,049,508**	**2,744,826**	**1,840,186**	**1,658,036**	**397,534**	**335,905**	**615,319**	**579,681**	**196,469**	**171,204**
Off-balance sheet positions												
Undrawn commitments	366,704	343,621	366,704	343,621	366,704	343,621	-	-	-	-	-	-

The following table summarises the expected maturity profile of the present value of future cash flows within the Group's insurance contract liabilities. The net liability for remaining coverage of contracts measured under the premium allocation approach is excluded from the below.

	Less than 1 year $'000	1 - 3 years $'000	3 - 5 years $'000	More than 5 years $'000	Total $'000
2025					
Liabilities for incurred claims	654,269	266,845	71,488	35,867	**1,028,469**
2024					
Liabilities for incurred claims	624,554	362,689	141,288	76,557	**1,205,088**

6.3.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, credit spreads, asset prices and equity prices, will affect the Group's income or the value of its holdings of financial instruments and insurance contracts.

The Boards of Directors review and approve the Investment Management Strategies and Investment Mandates at least annually. The performance of all investment managers (both external and internal), including compliance with investment guidelines stipulated within the investment strategies and mandates, is reviewed on a regular basis by management and Boards of Directors. The Group, Insurance and Bank ALCOs are responsible for capital and balance sheet risk including treasury credit, liquidity, and market risk.

i. Interest rate risk

Interest rate risk is the risk that the Group is impacted by significant changes in interest rates and mainly arises from investments in interest-bearing securities and the valuation of insurance contracts. Movements in investment income on assets backing insurance contracts broadly offset the impact of movements in discount rates on the insurance contracts.

Exposure to interest rate risk is managed by asset and liability matching, using measures such as duration and credit. To mitigate this risk, the investments in interest-bearing securities are held at an average duration that broadly matches the average duration of corresponding insurance contract liabilities. The investment manager provides a comparison of assets and liabilities across an annual time series. This is monitored on a monthly basis to ensure that the risk is within the Group's risk appetite.

Interest rate risk is also managed through the controlled use of interest rate derivative instruments, including interest rate swaps and futures. The external investment manager is required to regularly report on compliance with the use of derivatives in accordance with the relevant investment mandate.

The impact of a 1% increase or decrease in interest rates on interest-bearing financial assets and the corresponding impact of a 1% increase or decrease on – net liability for incurred claims and ARC is shown in the table below.

		Profit/(Loss) after tax (gross) and Equity	
Impact of changes in key variables	**Movement in Variable**	**2025 $'000**	**2024 $'000**
Interest rate movement – interest - bearing financial assets	+1%	13,189	14,571
	-1%	(13,189)	(14,571)
Discount rate movement – net liability for incurred claims and ARC on LPT	+1%	3,459	5,546
	-1%	(3,595)	(5,802)

Further information relating to the sensitivity of net liability for incurred claims is provided in Note 4.4.

Banking Operations

The Group is exposed to interest rate risk due to an underlying mismatch in the timing of interest rate repricing across all financial products.

RACQ Bank uses the Value at Risk (VaR) methodology to estimate the level of interest rate risk within the portfolio. The Board has approved limits for the maximum tolerable exposure to market risk. There have been no significant changes to RACQ Bank's exposure to market risk in the reporting period.

VaR measures the theoretical loss in the economic value of the balance sheet based on historical movements in interest rates. The VaR Model uses a historical simulation approach with underlying assumptions of the model including a 20-day (2024: 20-day) holding period at a 99% (2024: 99%) confidence level for a 1500-day (2024: 1500-day) observation period.

RACQ Bank	2025 $'000	2024 $'000
VaR Exposure at the end of the financial year	1,990	944
Average VaR exposure during the financial year	1,446	1,235

ii. Price risk

Price risk is the risk of loss in current and future earnings from adverse moves in asset prices or equity prices and arises from the Group's direct investment in Australian equity, hybrid, unit trust and debt securities classified as FVOCI and FVTPL financial assets.

Price risk is reduced by incorporating a diverse holding of liquid securities. Movements in global markets including unit trusts of +/- 1% (2024: +/- 1%) from the 30 June 2025 indexes, with all other variables held constant, would result in reserves increasing/decreasing by $2.3 million (2024: $1.4 million) after tax and net surplus increasing/decreasing by $1.9 million (2024: $1.2 million) after tax.

6.3.5 Group capital management

The Group's capital management objective is to maintain sufficient capital to protect the interests of all members and regulators while also efficiently deploying capital and managing risk. As a company limited by guarantee, The Royal Automobile Club of Queensland Limited has no shareholders or owners. All surpluses are therefore used to develop the Group's business for the benefit of the members.

The Board of Directors' policy is to hold the level of capital that is judged to be prudent and sustainable within the bounds of the Group's risk appetite, the restrictions imposed by the Group's legal structure and the fulfilment of the Group's purpose. On this basis, the RACQ Group aims to achieve a balance between:

- Maintaining sufficient capital to protect the Group from material and unexpected financial shocks;
- Ensuring that there is sufficient provisioning for future capital requirements; and
- Avoiding the holding of excess capital, which could otherwise be put to the benefit of members.

Capital consists of total accumulated funds as shown on the Consolidated Balance Sheet.

The Royal Automobile Club of Queensland Limited has entered into a Deed of Support with its subsidiaries, RACQ Insurance Limited and Members Banking Group Limited, to provide additional capital, if and to the extent it is required for the subsidiary to maintain its capital adequacy in accordance with the externally imposed capital requirements as set by APRA. Further details on the regulated entities' approach to capital management are outlined in Note 4.7 for insurance operations and Note 5.6 for banking operations.

6.4 Accounting policies for financial assets and financial liabilities

Non-derivative financial assets

Initial recognition and measurement

Financial assets are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15 *Revenue from Contracts with Customers*. Refer to the accounting policies in Note 8.1.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group has financial assets in the following categories:

- Financial assets at amortised cost (deposits with ADIs);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses through profit or loss upon derecognition (equity instruments);
- Financial assets mandatorily held at fair value through profit or loss; and
- Financial assets designated at fair value through profit or loss.

i. Financial assets at amortised cost (deposits and bills)

The Group's financial assets at amortised cost include trade receivables, selected notes and deposits with ADIs. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

ii. Financial assets at fair value through other comprehensive income (OCI)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains or losses on these instruments are never recycled to profit or loss and are recognised directly in OCI and presented within equity in the investment revaluation reserve. Dividends are recognised as investment income in the Surplus/(Deficit) for the year when the right of payment has been established except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has elected to classify irrevocably its listed and non-listed equity investments, except for assets backing insurance liabilities and equity-accounted investees under this category.

iii. Financial assets mandatorily at fair value through profit or loss

Financial assets mandatorily held at fair value through profit or loss include financial assets held for trading, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets mandatorily held at fair value through profit or loss are carried in the Consolidated Balance Sheet at fair value with net changes in fair value recognised in the Surplus/(Deficit) for the year.

iv. Financial assets designated at fair value through profit or loss

Notwithstanding the criteria for deposits and bills to be classified at amortised cost or at fair value through OCI, as described above, deposits and bills may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. The Group has elected to classify deposits and bills backing general insurance liabilities as financial assets designated at fair value through profit or loss.

v. Trade and other receivables

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15 *Revenue from Contracts with Customers*. Refer to the accounting policies in Note 8.1 for Revenue from contracts with members.

vi. Impairment of financial assets at amortised cost (excluding loans and advances)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-derivative financial liabilities

i. Trade and other payables

Trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Trade and other payables are unsecured, non-interest bearing and are usually settled within 30 days.

6.5 Accounting policies for reserves

i. Investment revaluation reserve

The investment revaluation reserve records changes in fair value of financial assets at fair value through other comprehensive income.

ii. Merger reserve

The merger reserve was established when the Group acquired QT Mutual Bank Limited in financial year 2017 and records the excess of the fair value of assets acquired over the liabilities assumed at the time of the merger.

7. Other assets and liabilities

7.1 Property, plant and equipment

	Freehold land $'000	Buildings and leasehold improvements $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
At 30 June 2025					
Cost	13,128	70,872	33,689	3,383	**121,072**
Accumulated depreciation	-	(29,563)	(13,068)	-	**(42,631)**
Net book value at 30 June 2025	**13,128**	**41,309**	**20,621**	**3,383**	**78,441**
Year ended 30 June 2025					
Opening net book value	13,128	95,728	19,406	5,778	**134,040**
Additions	-	4,452	6,541	3,251	**14,244**
Disposals	-	(55,783)	(2,017)	-	**(57,800)**
Transfers	-	2,214	3,432	(5,646)	**-**
Depreciation	-	(5,302)	(6,741)	-	**(12,043)**
Net book value at 30 June 2025	**13,128**	**41,309**	**20,621**	**3,383**	**78,441**
At 30 June 2024					
Cost	13,128	146,737	36,699	5,778	**202,342**
Accumulated depreciation	**-**	**(51,009)**	**(17,293)**	**-**	**(68,302)**
Net book value at 30 June 2024	13,128	95,728	19,406	5,778	**134,040**
Year ended 30 June 2024					
Opening net book value	13,128	100,705	20,152	3,305	**137,290**
Additions	-	1,463	4,519	5,557	**11,539**
Disposals	-	(39)	(932)	-	**(971)**
Transfers	-	611	2,473	(3,084)	**-**
Depreciation	-	(7,012)	(6,806)	-	**(13,818)**
Net book value at 30 June 2024	**13,128**	**95,728**	**19,406**	**5,778**	**134,040**
Remaining useful life	Indefinite	40 years or lease term, if shorter	2 – 20 years	n/a	

During the year, the Group completed the sale of the building located at 60 Edward Street in the Brisbane CBD. A gain of $6.2 million was recognised in the Consolidated Statement Of Comprehensive Income within the line item 'Net gains on disposal of business assets'.

Accounting policies

i. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably. Repairs and maintenance costs are expensed as they are incurred.

ii. Depreciation

Depreciation is recognised on a straight-line basis over the estimated useful life of the property, plant and equipment. Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

iii. Impairment

Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

7.2 Goodwill and other intangible assets

	Goodwill $'000	Customer relationships $'000	Outstanding claims fair value adjustment $'000	Software $'000	Software in development $'000	Total $'000
Year ended 30 June 2025						
Opening net book value	241,756	17	345	25,671	3,106	**270,895**
Disposals	-	-	-	-	(5)	**(5)**
Transfers	-	-	-	3,101	(3,101)	**-**
Amortisation	-	(8)	(111)	(26,132)	-	**(26,251)**
Impairment expense	(1,733)	-	-	-	-	**(1,733)**
Net book value at 30 June 2025	**240,023**	**9**	**234**	**2,640**	**-**	**242,906**
Year ended 30 June 2024						
Opening net book value	241,756	29	471	17,656	4,306	**264,218**
Additions	-	-	-	-	14,512	**14,512**
Transfers	-	-	-	15,712	(15,712)	**-**
Amortisation	-	(12)	(126)	(7,697)	-	**(7,835)**
Net book value at 30 June 2024	**241,756**	**17**	**345**	**25,671**	**3,106**	**270,895**
Maximum remaining useful life	Indefinite	4 years	5 years	7 years	n/a	

During the year, the Group has reassessed the useful life of software assets, with an amortisation expense of $16.6 million being recognised in the current period, reflecting the revised estimate of the assets' remaining economic life. This expense is included within 'Other operating expenses' in the Consolidated Statement of Comprehensive Income.

7.2.1 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units (CGU) as follows:

	2025 $'000	2024 $'000
General insurance	238,208	238,208
Other CGUs	1,815	3,548
Carrying amount of goodwill	**240,023**	**241,756**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purposes of impairment testing, assets are grouped together at the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal (FVLCD) and value in use (VIU). These calculations are based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of other comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

General insurance

For the current financial year, the recoverable amount of the Insurance CGU has been determined on a FVLCD basis (2024: FVLCD), with reference to the Sale and Purchase Agreement (SPA) entered into with IAG, to sell 90% of the Group's ordinary shares in RACQ Insurance. The total sale consideration, net of directly attributable costs was used to estimate fair value.

In the prior year, the recoverable amount of the Insurance CGU was calculated using a discounted cash flow model. The change in valuation technique reflects the availability of a market-based transaction and management's assessment that the agreed consideration provides a more reliable measure of recoverable amount.

The fair value assessment of the Insurance CGU is classified as Level 2 under the AASB 13 *Fair Value Measurement* hierarchy as the main valuation inputs outlined above are observable.

As at 30 June 2025, the recoverable amount of the Insurance CGU exceeded its carrying amount using a FVLCD approach. The inputs to the FVLCD reflected directly observable transaction terms and were not materially sensitive to estimation uncertainty, which supported that no impairment is required in the current financial year (2024: $nil).

Other CGUs

The value of goodwill allocated to the CGUs for Automotive Assistance Services (AAS) and RACQ Mobility Centre of Excellence (MCE) is not significant in comparison to the Group's total carrying amount of goodwill. The recoverable amount for the AAS CGU is determined based on a value in use approach. The recoverable amount for the MCE CGU is determined based on fair value less cost of disposal, supported by an external valuation.

Accounting policies

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment.
Research and development	Expenditure on research activities is recognised in surplus as incurred. Development expenditure is capitalised only if: • the expenditure can be measured reliably; • the product or process is technically and commercially feasible; • future economic benefits are probable; • the amount is above the Group's internal capitalisation threshold; and • the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in net surplus as incurred.
Software	*Software assets* Software assets include acquired or internally generated software. These assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment. *Software-as-a-Service (SaaS) arrangements* SaaS arrangements are arrangements in which the Group does not control the underlying software used in the arrangement. Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates. Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the SaaS contract.
Other intangible assets	Other intangible assets include those acquired in a business combination (customer relationships, core deposits and outstanding claims fair value adjustment) and are recognised at its fair value at acquisition date. These assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus as incurred.

ii. Amortisation

Except for goodwill, intangible assets are amortised over the estimated useful life of the intangible asset from the date the asset is available for use. Amortisation methods, useful lives and residual values are reassessed at each reporting date.

7.3 Employee benefits

7.3.1 Employee benefits expense

Employee benefits expense presented below has been incorporated in the Consolidated Statement Of Comprehensive Income within the line items 'Insurance service expense' and 'Other employee benefits expense'.

	2025 $'000	2024 $'000
Wages and salaries and other staff costs	296,871	271,998
Defined contribution superannuation expenses	30,143	26,853
Total employee benefits expense	**327,014**	**298,851**
Represented by:		
Insurance service expense	85,316	82,301
Other employee benefits expense	241,698	216,550
Total employee benefits expense	**327,014**	**298,851**

7.3.2 Employee benefits liabilities

	2025 $'000	2024 $'000
Liability for annual leave	19,268	18,164
Liability for long service leave	20,950	19,382
Other employee benefit liabilities	25,341	16,461
Total employee benefit liabilities	**65,559**	**54,007**
Current	54,158	44,240
Non-current	11,401	9,767
Total employee benefit liabilities	**65,559**	**54,007**

Accounting policies

i. Short term employee benefits

Short term employee benefits represent the amount that the Group has a present obligation to pay resulting from employees' services provided up to the reporting date, which are expected to be wholly settled within twelve months of the reporting date. They are measured at undiscounted amounts based on wage and salary rates that the Group expects to pay when the liability is settled, including related on-costs, such as workers' compensation insurance and payroll tax.

ii. Long term employee benefits

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is calculated using expected future increases in wage and salary rates, including related on-costs and expected settlement dates, and is discounted using high quality corporate bond rates to determine its present value. Re-measurements are recognised in surplus in the period in which they arise.

iii. Superannuation

Obligations for contributions to defined contribution superannuation funds are recognised as an expense as the related services are provided.

7.4 Transactions with related parties

7.4.1 Key management personnel compensation

	2025 $	2024 $
Short-term employee benefits	4,592,162	4,028,342
Post-employment benefits	227,934	222,307
Other long-term benefits	712,549	614,653
Termination & other benefits	-	264,695
Total key management personnel compensation	**5,532,645**	**5,129,997**

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The roles considered KMP for the year ended 30 June 2025 are the Directors of the Company, the Managing Director & Group Chief Executive Officer, Project Director and the Chief Financial Officer. The number of roles considered KMP as at 30 June 2025 is 10 (30 June 2024: 10 roles). During the year, Mr Duncan Brain (Project Director) was acting in the capacity of an executive in relation to establishing RACQ's 25-year strategic partnership.

KMP compensation for executives includes a combination of fixed annual and variable rewards and a one-off long-term incentive plan. A portion of the fixed reward is deferred and at risk based on behaviours and alignment to RACQ values. Variable rewards are performance-based and align to the achievement of organisational and personal objectives and are partially deferred to support longer-term decision making and retention. A long-term incentive plan was established in October 2022 to a restricted group of senior executives to recognise and reward the outcomes of the successful delivery of programs over a four-year period including completion of the Club's Pricing Promises remediation program, Risk Transformation Program and the strategic review of RACQ Insurance.

7.4.2 Transactions with KMP and their close family members

KMP of the Group may obtain assistance, insurance and banking products and other services and products from the Company and/or its controlled entities, RACQ Insurance and RACQ Bank, on the same terms and conditions as those obtained by Company employees and are trivial or domestic in nature.

The table below presents loans and overdrafts issued by RACQ Bank to KMP and their close family members as at 30 June 2025:

	2025 $	2024 $
The aggregate gross carrying amount of loans	1,283,095	1,645,921
The aggregate amount of revolving and other credit facilities (including redraws) available	173	-
Provision for impairment	(63)	(60)
Interest earned on loans and revolving credit facilities during the year	74,788	29,340

All loans and overdrafts to KMP and their close family members have been undertaken on normal terms and conditions in accordance with RACQ Bank's standard lending policies. There are no loans with KMP and their close family members that are in arrears or impaired as at the end of the financial year. All loans are classified as Stage 1 within the ECL methodology. No loans have been written off during the financial year.

The table below presents deposits held in RACQ Bank by KMP and their close family members as at 30 June 2025:

	2025 $	2024 $
The aggregate carrying amount of deposits	272,471	93,352
Total interest paid on these deposits during the year	8,159	9,324

RACQ Bank's policy for receiving deposits from KMP and their close family members is that transactions are approved, deposits accepted and interest paid on terms and conditions that are no more favourable that those available to members of RACQ.

Other sales to and purchases from related parties including KMP are made on terms equivalent to those that prevail in arm's length transactions. Other outstanding balances at reporting date are unsecured and interest free and settlement occurs in cash.

7.4.3 Transactions with associates and joint ventures

Various transactions occur between the Group and minority owned entities, details of which are as follows:

	(Revenue) / Expense		Receivable/ (Payable)	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Provision of services				
Joint ventures	(1,130)	(1,356)	3,146	3,085
Associates	(20)	(50)	-	5
Other related parties	(995)	(288)	2,866	4,031
Purchase of services				
Joint ventures	981	621	-	-
Associates	93	25,902	-	(9,182)
Other related parties	5,488	5,800	-	-
Capital contribution to associates	-	-	-	-
Dividend income from associates	-	**1,572**	-	-
Interest income from other related parties	**(167)**	**(396)**	**43**	**55**

The Group holds a 33.3% interest in Australian Club Consortium Pty Ltd which wholly owns ACC CAD Pty Ltd (ACC CAD). ACC CAD has entered into several agreements with third party suppliers under which ACC CAD has procured software, products and services for an on behalf of the other participating automobile clubs to implement and support the Common Australian Roadside Solution (CARS). Under a Shareholders agreement between ACC CAD and each participating automobile club, each participant is required to enter into a user agreement with ACC CAD in respect of the use of CARS. Shareholder loan agreements are in place to provide funding to ACC CAD. The loan repayment term is 10 years with interest calculated monthly on the outstanding principal balance based on the Bank Bill Swap rate (BBSW) plus 2%. Interest is fixed between each repayment date (six monthly) and is reset at each repayment date (six monthly).

The Group has a contract for services agreement with Members Travel Group Pty Ltd in which RACQ provides corporate support to the joint venture. The contract covers IT services, marketing and digital support. The transactions are charged under normal commercial terms.

The Group has agreements with GEM Energy Australia Pty Ltd (GEM) in which RACQ provides corporate support to the joint venture. The corporate support covers administration, brand and marketing and IT support which are charged under commercial terms. Shareholder loan agreements are in place to provide working capital funding to GEM. The loans are short-term with interest calculated quarterly on the outstanding principal balance based on the Reserve Bank of Australia Cash Rate Target plus 0.5%.

7.5 Income Tax

7.5.1 Income Tax Expense

Income tax expense comprises current and deferred tax and is recognised in the Consolidated Statement Of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

The Company and its wholly owned Australian resident entities are not part of a tax-consolidated group. Consequently, each entity is separately assessed for tax.

The Royal Automobile Club of Queensland Limited is a company limited by guarantee and is unable under the *Corporations Act 2001* to pay dividends and accordingly is unable to utilise or distribute the franking account credits.

The components of income tax expense are:

	2025 $'000	2024 $'000
Recognised in net surplus		
Current tax expense		
Current tax movement	47,179	1,696
Adjustments in respect of previous year	531	(28)
Total current tax expense	**47,710**	**1,668**
Deferred tax		
Origination and reversal of temporary differences	70,641	28,826
Total deferred income tax expense	**70,641**	**28,826**
Total income tax expense	**118,352**	**30,494**
Deferred tax recognised directly in equity		
Relating to equity investments designated at FVOCI	-	333
Total income tax expense recognised directly in equity	**3,696**	**333**

7.5.2 Reconciliation of income tax expense to prima facie tax payable

A reconciliation between the tax expense and the operating surplus for the year before income tax is as follows:

	2025 $'000	2024 $'000
Prima facie tax expense calculated at 30% (2024: 30%)	49,916	31,130
Adjust for tax effect of:		
Non-deductible expenses	4,606	503
Assessable income	285	1,839
Non-assessable income	(2,546)	-
Tax offset for franked dividends	(287)	(1,257)
Foreign income tax offsets	(385)	-
Recognition of previously unrecognised (derecognition of previously recognised) temporary differences	66,326	(2,130)
Prior year under provision	436	409
Income tax expense on net surplus	**118,351**	**30,494**

7.5.3 Recognised deferred tax assets and liabilities

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable surplus will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Property, plant and equipment and intangibles	19,439	12,054	(778)	(885)	18,661	11,169
Trade and other payables	5,021	3,056	-	-	5,021	3,056
Financial assets	218	4,024	(15,392)	(9,374)	(15,174)	(5,350)
Investment in subsidiary	-	-	(64,720)	-	(64,720)	-
Claims handling costs on outstanding claims	19,331	23,754	-	-	19,331	23,754
Insurance contract liabilities	-	347	(5,505)	(7,636)	(5,505)	(7,289)
Employee benefits	14,350	11,592	-	-	14,350	11,592
Provisions	7,265	13,271	-	-	7,265	13,271
Other items	6,101	4,178	(3,979)	(1,564)	2,122	2,614
Tax offsets carried forward	5,719	5,719	-	-	5,719	5,719
Tax losses recognised	6,250	9,121	-	-	6,250	9,121
Deferred tax assets / (liabilities)	**83,694**	**87,116**	**(90,374)**	**(19,459)**	**(6,680)**	**67,657**
Set off of tax	(21,382)	(19,349)	21,382	19,349	-	-
Net deferred tax assets / (liabilities)	**62,312**	**67,767**	**(68,992)**	**(110)**	**(6,680)**	**67,657**

Deferred tax liability on investment in subsidiary

During the financial year, the Group executed a Sale and Purchase Agreement to divest its investment in subsidiary, RACQ Insurance Limited. This changed the expected recovery of the investment from dividends to sale proceeds.

As a result, the Group has reassessed the associated temporary differences. Previously, no deferred tax liability was recognised, as the Group controlled the timing of reversal and it was not probable that the differences would reverse in the foreseeable future.

Following the SPA, a deferred tax liability has been recognised for the taxable temporary difference between the investment's carrying amount and its tax base. The measurement of the deferred tax liability involves significant judgement in determining the tax cost base of RACQ Insurance Limited. This required an assessment of the historical acquisition cost, including subsequent equity contributions, the treatment of accumulated profits and receipt of dividends, and interpretation of applicable income tax legislation in force at the time. These judgements are inherently subject to uncertainty, and changes in assumptions or the interpretation of tax law could have a material impact on the amount of deferred tax liability recognised.

This has resulted in an income tax expense of $68.2 million for the current period (2024: $nil). The deferred tax liability will be utilised upon completion of the sale transaction, which is anticipated to occur in FY26.

Tax losses carried forward

The deferred tax assets for the Group include an amount of $6.3 million (2024: $9.1 million) which relates to carry forward tax losses within the controlled entities of the Group. These entities had incurred tax losses in recent years, however, have returned to profitability. Deferred tax assets will be recoverable using the estimated future taxable income based on the Board approved budget and forecasts for the Group. The losses can be carried forward indefinitely and have no expiry date. On this basis, it is considered probable that future taxable profits are available against which such losses can be used.

8. Other notes

8.1 Revenue from contracts with members

8.1.1 Disaggregation of revenue from contracts with members

The Group derives revenue from the transfer of goods and services over time and at a point in time from:

	2025 $'000	2024 $'000
Revenue from sale of goods	52,277	52,105
Revenue from assistance activities	227,219	212,344
Trade towing revenue	6,983	8,135
Rental revenue	1,835	4,077
Advertising revenue	1,040	1,123
Other fee and commission revenue	7,593	7,866
Total	**296,947**	**285,650**
Timing of revenue recognition		
At a point in time	72,635	72,910
Over time	224,312	212,740
Total	**296,947**	**285,650**

8.1.2 Assets and liabilities related to contracts with members

The Group derives revenue from the transfer of goods and services over time and at a point in time from:

	2025 $'000	2024 $'000
Trade and other receivables	11,122	7,871
Expected credit loss	(115)	(115)
Net trade and other receivables	**11,007**	**7,756**
Contract liabilities	(99,186)	(95,459)

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the given year.

	2025 $'000	2024 $'000
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period		
Assistance activities	95,459	91,286

Accounting policies

The majority of revenue from assistance activities is derived from the sale of roadside assistance policies. Member subscriptions for policies are fixed and received in advance, giving rise to contract liabilities for the unexpired period of the subscription term. The earned portion of subscriptions received is recognised as revenue evenly over the life of the underlying policy (usually one year) and deducted from contract liability balances.

Revenue from the sale of goods is derived from the sale of products that complement assistance services, and is recognised at the point in time when control of the products has transferred to the customer, being the time when the products are delivered.

Fees and commissions are recognised on an accrual basis once a right to receive consideration has been attained or when service to the customer has been rendered.

The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense incremental costs to obtain the subscription because the amortisation period of the asset that the Group otherwise would have used is one year or less.

8.2 Provisions and contingent liabilities

8.2.1 Provisions

	2025 $'000	2024 $'000
Member remediation – Pricing Promises	78	30,979
Other provisions	17,207	23,370
Total Provisions	**17,285**	**54,349**
Current	17,085	53,625
Non-current	200	724
Total Provisions	**17,285**	**54,349**

RACQ Group recognises provisions when:

- There is a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Member remediation provision

During the year, the Group finalised the member remediation program established in response to the 2022 ASIC pricing promises review. As at 30 June 2025, the program is considered complete, with all eligible member refunds, interest, and associated administrative obligations substantially remediated. A residual liability has been retained to cover unclaimed moneys and associated handling costs.

Other provisions

Included within other provisions are amounts relating to ongoing compliance reviews and remediation programs. The Group conducts regular assessments of its products, services, customer interactions, and charging practices to ensure alignment with legal and regulatory obligations. Certain reviews have resulted in, or are in the process of being assessed for, remediation activities relating to past conduct.

In response to the ASIC pricing promises review, the board committed to a Risk Transformation Program (RTP) aimed at strengthening the Group's risk management practices, systems and processes. As at 30 June 2025, the RTP is progressing, with core activities being delivered and embodiment of key program objectives within the Group.

8.2.2 Contingent liabilities

A contingent liability is disclosed where a legal or constructive obligation is possible, but not probable, or where the obligation is probable, but the financial impact of the event is unable to be reliably measured.

From time to time the Group may be subject to various claims and litigation from third parties in the normal course of its business. The directors have given consideration to such matters which are or may be subject to claims or litigation at year end and are of the opinion that any such liabilities arising over and above what has already been provided for in the financial statements from such action is not considered material.

In the ordinary course of business, RACQ receives enquiries from various regulators and government bodies. In accordance with the relevant accounting standards, should the Group become aware that an enquiry is developing further or if any regulatory or government action is taken against the Company, appropriate disclosure is made.

Subject to the above, where it is determined that the disclosure of information in relation to a contingent liability can be expected to prejudice the position of the Group in a dispute, accounting standards allow the Group not to disclose such information.

As at 30 June 2025, the Group had no contingent liabilities.

8.3 Notes to the consolidated statement of cash flows

8.3.1 Reconciliation of cash flows from operating activities

	2025 $'000	2024 $'000
Surplus / (Deficit) for the year	**48,043**	**73,271**
Add (less) items classified as investing activities		
(Gain)/loss on disposal of business assets	(5,964)	641
Investment (income)/losses	(36,579)	(35,696)
Investment interest income	(7,076)	(6,506)
Rental income	(1,791)	(3,994)
Add (less) non-cash items		
Impairment loss on loans and advances	411	291
Other non-cash items	6,217	3,812
Depreciation and amortisation expense	38,754	26,352
Share of profit in associates and joint ventures	(1,271)	(900)
Net release of remediation and other provisions	(8,741)	(27,035)
Net cash flows from operating activities before change in operating assets and liabilities	**32,003**	**30,236**
Changes in operating assets and liabilities		
Trade and other receivables	(5,812)	9,356
Reinsurance contract assets	17,227	29,246
Loans and advances	(229,591)	(286,541)
Other assets	447	1,431
Contract liability	3,727	4,172
Trade and other payables	14,802	(29,560)
Insurance contract liabilities	(160,254)	(86,275)
Deposits	251,810	234,728
Provision for employee benefits	11,552	616
Deferred tax balances	74,337	29,159
Income tax payable	33,319	6,845
Provisions	(28,323)	(188,874)
Net cash flows from operating activities	**15,244**	**(245,461)**

8.3.2 Cash and cash equivalents

Cash includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid financial assets with original maturities of three months or less that are readily convertible to known amounts of cash. These are used by the Group in the management of its short-term commitments.

Cash and cash equivalents include restricted balances of $35.6 million (2024: $31.6 million) relating to the activities of RACQ Bank's self-securitisation vehicle (Arrow Funding Trust No. 1) which operates as a contingent liquidity facility and are not available to the Group.

8.4 Commitments

Capital commitments

Commitments not provided for in the financial statements and payable:	<1 Year $'000	1-5 Years $'000	5+ Years $'000	Total $'000
2025				
Capital commitments	6,600	-	-	6,600
2024				
Capital commitments	7,804	494	-	8,298

The above table reflects the Group's contractual commitments for the acquisition of property, plant and equipment and intangible assets as at 30 June 2025, but not provided for in the Consolidated Balance Sheet.

Credit commitments and guarantees

Credit commitments and guarantees that have been approved but not funded or drawn at the end of the financial year were as follows:

	2025 $'000	2024 $'000
Loans approved but not funded	52,207	37,138
Undrawn overdraft and line of credit facilities	62,401	63,936
Amounts available for redraw	251,906	238,840
Guarantees	190	3,707
	366,704	**343,621**

These commitments and guarantees would be recognised as loans and advances on the occurrence of the contingent event. Undrawn overdrafts, line of credit facilities and amounts available for redraw are revocable at RACQ Bank's discretion.

8.5 Auditor's remuneration

The following services were provided by the Group's auditor, EY:

	2025 $	2024 $
Audit services:		
Audit of the financial report	1,022,872	1,339,119
Other regulatory audit services	387,989	497,144
Total audit services	**1,410,861**	**1,836,263**
Audit related services:		
Other assurance services	508,053	869,400
Total audit related services	**508,053**	**869,400**
Total auditor's remuneration	**1,918,914**	**2,705,663**

8.6 Group structure

8.6.1 Parent entity disclosures

The parent entity, The Royal Automobile Club of Queensland Limited, is a company limited by guarantee and has no share capital. In the event of winding up, members are liable to the amount of $2.00 per member at a total contribution of $3,509,710 (2024: $3,456,922).

The Royal Automobile Club of Queensland Limited	2025 $'000	2024 $'000
Surplus for the year	2,787	3,009
Other comprehensive income	-	-
Total comprehensive surplus for the year	**2,787**	**3,009**

The Royal Automobile Club of Queensland Limited	2025 $'000	2024 $'000
Financial position of the Company:		
Current assets	452,446	301,326
Total assets	**1,094,710**	**996,020**
Current liabilities	(415,196)	(319,309)
Total liabilities	**(415,196)**	**(319,309)**
Total accumulated funds of the Company comprising of:		
Reserves	166,467	166,467
Retained surplus	513,047	510,244
Total accumulated funds	**679,514**	**676,711**

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered a Deed of Cross Guarantee (the Deed) with the effect that the Company guarantees debts in respect of its subsidiaries. Further details, including the subsidiaries subject to the Deed, are disclosed in Note 8.6.2 and 8.6.3.

The parent entity has entered into Deeds of Support with its subsidiaries, RACQ Insurance Limited and Members Banking Group Limited, to provide additional capital, if and to the extent it is required for the subsidiary to maintain its capital adequacy in accordance with the externally imposed capital requirements as set by APRA. Further details on the regulated entities' approach to capital management are outlined in Note 4.7 for insurance operations and Note 5.6 for banking operations.

4.

Parent entity commitments and contingent liabilities

The Royal Automobile Club of Queensland Limited	2025 $'000	2024 $'000
Operating lease commitments as lessor		
Within one year	-	3,287
Between one but not more than 5 years	-	7,425
More than 5 years	-	1,741
Total	**-**	**12,453**

As at 30 June 2025, the parent entity held no operating lease commitments. This reflects the sale of the 60 Edward Street building, as disclosed in Note 7.1.

There are no parent entity contingent liabilities (2024: nil).

8.6.2 Controlled entities

The Group structure and the interest held in each controlled entity is as follows:

	Interest held	
	2025 %	2024 %
RACQ Operations Pty Ltd [1]	100	100
RACQ Investments Pty Ltd	100	100
RACQ-Queensland Driving Excellence Centre Pty Ltd	100	100
Automotive Assistance Services Pty Ltd	100	100
RACQ Distribution Services Pty Ltd *(formerly, RACQ Financial Planning Pty Ltd)* [2]	100	100
Q Garage Pty Ltd	100	100
Basecamp No.2 Pty Ltd (formerly Hug Insurance Pty Ltd)	100	100
Basecamp Innovations Pty Ltd	100	100
RACQ Investments No.2 Pty Ltd [1]	100	100
Club Insurance Holdings Pty Ltd [3]	100	100
RACQ Insurance Limited	100	100
Club Finance Holdings Limited	100	100
Members Banking Group Limited	100	100
Arrow Funding Trust No.1	100	100
RACQ Foundation Pty Ltd	100	100
RACQ Foundation Fund	100	100
RACQ Foundation Trust	100	100

1. Subsidiaries are parties to the Deed of Cross Guarantee, as provided in Note 8.6.3.
2. During the year, this subsidiary was sold by Members Banking Group Limited to RACQ Operations Pty Ltd under an arm's length transaction.
3. 50% of the shares in Club Insurance Holdings Pty Ltd are held by RACQ Investments Pty Ltd, and 50% of the shares in Club Insurance Holdings Pty Ltd are held by RACQ Investments No.2 Pty Ltd.

8.6.3 Deed of cross guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, the Company's subsidiaries, RACQ Operations Pty Ltd and RACQ Investments No.2 Pty Ltd are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgment of a financial report, and a directors' report. A condition of the instrument is the Company and these subsidiaries enter into a Deed of Cross Guarantee (the Deed). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the *Corporations Act 2001*, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed, are as follows:

Consolidated Statement of Comprehensive Income for the year ended 30 June 2025

	Consolidated parties to the Deed	
	2025 $'000	2024 $'000
Revenue from contracts with members	525,248	503,777
Investment income	200,709	67,292
Total Revenue	**725,957**	**571,069**
Employee benefits expense	(327,129)	(294,954)
Other operating expenses	(259,629)	(230,543)
Total expenses	**(586,758)**	**(525,497)**
Share of profit in associates and joint ventures	1,271	900
Gain on disposal of business assets	6,193	4,331
Member and other remediation release/(expense)	(4,350)	-
Surplus before income tax	**142,313**	**50,803**
Income tax expense/(benefit)	10,186	(4,425)
Surplus for the year	**152,499**	**46,378**
Total other comprehensive income/(loss) for the year, net of income tax	**-**	**-**
Total comprehensive income for the year	**152,499**	**46,378**

Consolidated Balance Sheet as at 30 June 2025

	Consolidated parties to the Deed	
	2025 $'000	2024 $'000
Assets		
Cash and cash equivalents	10,369	17,246
Trade and other receivables	112,237	115,710
Financial assets	1,631,881	1,326,754
Property, plant and equipment	61,256	117,003
Right of use assets	14,142	8,128
Deferred tax assets	48,361	38,952
Intangible assets	2,560	28,680
Other assets	25,401	53,925
Current tax receivable	43	7
Total assets	**1,906,250**	**1,706,405**
Liabilities		
Trade and other payables	41,684	33,948
Provisions	8,478	7,318
Contract liability	99,186	95,459
Employee benefits	64,388	52,912
Lease liability	19,059	8,417
Deferred tax liability	3,320	-
Total liabilities	**236,115**	**198,054**
Net assets	**1,670,135**	**1,508,351**
Accumulated funds		
Reserves	341,146	331,587
Retained surplus	1,328,989	1,176,764
Total accumulated funds	**1,670,135**	**1,508,351**

8.7 Equity-accounted investments

One associate (2024: three) and two joint ventures (2024: two) were accounted for in the Consolidated Financial Statements using the equity method.

	Joint Ventures		Associates		Total equity-accounted investments	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Individually immaterial interests in joint ventures and associates						
Aggregate carrying amount	2,548	2,116	1,180	11,838	3,728	13,954
Aggregate amount of the Group's share of:						
Surplus from continuing operations	433	34	838	866	1,271	900
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**433**	**34**	**838**	**866**	**1,271**	**900**

During the year, the Group's shareholding in associates, TicketMates Australia Pty Ltd and Club Consortium Pty Ltd were disposed. The Group discontinued accounting for these investments using the equity method.

8.8 Events subsequent to reporting date

On 11 July 2025, the transaction to divest of RACQ Insurance Limited received regulatory approval from the Australian Prudential Regulation Authority (APRA) and the Federal Treasurer, under the *Financial Sector (Shareholdings) Act 1998 (Cth)* and the *Insurance Acquisitions and Takeovers Act 1991 (Cth)*. Subject to the satisfaction of all conditions precedent under the Sale and Purchase Agreement (SPA), the Group expects the sale to be completed during the financial year ending 30 June 2026.

Other than the above matter, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

Consolidated Entity Disclosure Statement

As at 30 June 2025

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
The Royal Automobile Club of Queensland Limited	Body corporate	Australia		Australia
RACQ Operations Pty Ltd [1]	Body corporate	Australia	100%	Australia
RACQ Investments Pty Ltd	Body corporate	Australia	100%	Australia
RACQ-Queensland Driving Excellence Centre Pty Ltd	Body corporate	Australia	100%	Australia
Automotive Assistance Services Pty Ltd	Body corporate	Australia	100%	Australia
RACQ Distribution Services Pty Ltd [1]	Body corporate	Australia	100%	Australia
Q Garage Pty Ltd	Body corporate	Australia	100%	Australia
RACQ Investments No.2 Pty Ltd [1]	Body corporate	Australia	100%	Australia
Club Insurance Holdings Pty Ltd [2]	Body corporate	Australia	100%	Australia
RACQ Insurance Limited	Body corporate	Australia	100%	Australia
Club Finance Holdings Limited	Body corporate	Australia	100%	Australia
Members Banking Group Limited[2]	Body corporate	Australia	100%	Australia
Arrow Funding Trust No.1	Trust	N/A	N/A	Australia
RACQ Foundation Pty Ltd [3]	Body corporate	Australia	100%	Australia
RACQ Foundation Fund	Trust	N/A	N/A	Australia
RACQ Foundation Trust	Trust	N/A	N/A	Australia

1. Entity was transferred from Members Banking Group Limited to RACQ Operations Pty Ltd in accordance with a Sale and Purchase Agreement
2. Trustee of Arrow Funding Trust No.1
3. Trustee of RACQ Foundation Fund and RACQ Foundation Trust.

Basis of preparation

Key assumptions and judgments

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. For the purposes of this section, an entity is an "Australian resident" at the end of a financial year if the entity is:

a. an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

b. a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent.

In determining that all the Group's entities on the CEDS have Australian tax residency, the Group has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

All entities listed on the CEDS are incorporated (where applicable) in Australia, operate their business within Australia, and have their central management and control within Australia.

Directors' Declaration

In the opinion of the directors of The Royal Automobile Club of Queensland Limited (the Company):

a. The Consolidated Financial Statements and notes, set out on pages 35 to 78, are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and

   ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c. The Consolidated Entity Disclosure Statement required by section 295(3A) of the *Corporations Act 2001* and included on page 79 is true and correct.

d. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 8.6.2 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

The directors draw attention to Note 1 to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors:

Murphy

Leona Murphy
President and Chair

28 August 2025

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Independent auditor's report to the members of The Royal Automobile Club of Queensland Limited

Opinion

We have audited the financial report of The Royal Automobile Club of Queensland Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2025, the consolidated statement of comprehensive income, consolidated statement of changes in accumulated funds and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial 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.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
Brisbane
28 August 2025

Managing Director and Group CEO David Carter and Chief Purpose Officer MJ Bellotti and aspiring athletes at the Youfor2032 launch on the Gold Coast

Corporate directory

Club Patron
Her Excellency the Honourable Dr Jeannette Young AC PSM, Governor of Queensland

President and Chair – Leona C Murphy
BCom, GAICD

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ACN 009 660 575
ABN 72 009 660 575

RACQ employees at 100 Year Roadside Assistance Celebration at RACQ's Mobility Centre

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