Australian Central Credit Union Ltd
(trading as People's Choice Credit Union)
ABN 11 087 651 125 AFSL 244310

Public Disclosure of Prudential Information in accordance with APRA Prudential Standard APS 330

as at 30 June 2022

Annual Common Disclosure Template
as at 30 June 2022

People's Choice
Banking for life

The Consolidated Group is applying the Basel III regulatory adjustments in full as implemented by APRA under APS 330.

	Common Equity Tier 1 capital: instruments and reserves	$m
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	N/A
2	Retained earnings	337
3	Accumulated other comprehensive income (and other reserves)	349
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	N/A
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6	**Common Equity Tier 1 capital before regulatory adjustments**	**687**
	Common Equity Tier 1 capital : regulatory adjustments	
7	Prudential valuation adjustments	N/A
8	Goodwill (net of related tax liability)	N/A
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	N/A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	N/A
11	Cash-flow hedge reserve	36
12	Shortfall of provisions to expected losses	N/A
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	N/A
14	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A
15	Defined benefit superannuation fund net assets	N/A
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A
17	Reciprocal cross-holdings in common equity	N/A
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A
20	Mortgage service rights (amount above 10% threshold)	N/A
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N/A
22	Amount exceeding the 15% threshold	N/A
23	of which: significant investments in the ordinary shares of financial entities	N/A
24	of which: mortgage servicing rights	N/A
25	of which: deferred tax assets arising from temporary differences	N/A
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	101
26a	*of which: treasury shares*	N/A
26b	*of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI*	N/A
26c	*of which: deferred fee income*	N/A
26d	*of which: equity investments in financial institutions not reported in rows 18, 19 and 23*	46
26e	*of which: deferred tax assets not reported in rows 10, 21 and 25*	19
26f	*of which: capitalised expenses*	23
26g	*of which: investments in commercial (non-financial) entities that are deducted under APRA rules*	12
26h	*of which: covered bonds in excess of asset cover in pools*	N/A
26i	*of which: undercapitalisation of a non-consolidated subsidiary*	N/A
26j	*of which: other national specific regulatory adjustments not reported in rows 26a to 26i*	1
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	N/A
28	**Total regulatory adjustments to Common Equity Tier 1**	137
29	**Common Equity Tier 1 Capital (CET1)**	549
	Additional Tier 1 Capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments	N/A
31	of which: classified as equity under applicable accounting standards	N/A
32	of which: classified as liabilities under applicable accounting standards	N/A
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
35	of which: instruments issued by subsidiaries subject to phase out	N/A
36	**Additional Tier 1 Capital before regulatory adjustments**	N/A
	Additional Tier 1 Capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	N/A
38	Reciprocal cross-holdings in Additional Tier 1 instruments	N/A
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	N/A
41a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*	N/A
41b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40*	N/A
41c	*of which: other national specific regulatory adjustments not reported in rows 41a and 41b*	N/A
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A
43	**Total regulatory adjustments to Additional Tier 1 capital**	N/A
44	**Additional Tier 1 capital (AT1)**	N/A
45	**Tier 1 Capital (T1=CET1+AT1)**	**549**
	Tier 2 Capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments	N/A
47	*Directly issued capital instruments subject to phase out from Tier 2*	N/A
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	75
49	of which: instruments issued by subsidiaries subject to phase out	N/A
50	Provisions	N/A
51	**Tier 2 Capital before regulatory adjustments**	**75**

Annual Common Disclosure Template
as at 30 June 2022

People's Choice
Banking for life

Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	N/A
53	Reciprocal cross-holdings in Tier 2 instruments	N/A
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	N/A
56a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*	N/A
56b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55*	N/A
56c	*of which: other national specific regulatory adjustments not reported in rows 56a and 56b*	N/A
57	**Total regulatory adjustments to Tier 2 capital**	**N/A**
58	**Tier 2 capital (T2)**	**75**
59	**Total capital (TC=T1+T2)**	**624**
60	**Total risk-weighted assets based on APRA standards**	**4,186**
Capital ratios and buffers		**N/A**
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	**13.12%**
62	Tier 1 (as a percentage of risk-weighted assets)	**13.12%**
63	Total capital (as a percentage of risk-weighted assets)	**14.91%**
64	Institution-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIBs buffer	7.00%
65	*of which: capital conservation buffer requirement*	2.50%
66	*of which: ADI-specific countercyclical buffer requirements*	0%
67	*of which: G-SIB buffer requirement*	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	6.12%
National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	
71	National total capital minimum ratio (if different from Basel III minimum)	
Amount below thresholds for deductions (not risk-weighted)		
72	Non-significant investments in the capital of other financial entities	N/A
73	Significant investments in the ordinary shares of financial entities	N/A
74	Mortgage servicing rights (net of related tax liability)	N/A
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	N/A
77	Cap on inclusion of provisions in Tier 2 under standardised approach	N/A
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	N/A
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	N/A
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	N/A
84	Current cap on T2 instruments subject to phase out arrangements	N/A
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A

Annual Regulatory Capital Disclosure Reconciliation
as at 30 June 2022

People's Choice
Banking for life

	CDT	Consolidated Entity $m	Adjustments (1) $m	Regulatory Level 2 $m
Assets				
Cash and cash equivalents		176.5		176.5
Loans and advances		8,820.3	(1,150.3)	7,670.0
of which: Loan and lease origination fees and commissions paid to mortgage originators and brokers	*26f*			*12.7*
Derivative assets		55.6		55.6
Investment securities		1,186.2	(45.6)	1,140.7
Other investments		59.2	57.1	116.3
of which: Investments in commercial (non-financial) entities that are deducted under APRA rules	*26g*		*11.5*	*11.5*
of which: Equity investments in financial institutions	*26d*		*45.6*	*45.6*
of which: Common Equity Tier 1 specific adjustments relating to securitisation	*26j*		*1.2*	*1.2*
Property, plant and equipment		55.7		55.7
Intangible assets		7.5		7.5
of which: Other intangibles	*26j*	*7.5*		*7.5*
Interest in equity accounted investees		11.5	(11.5)	-
of which: Investments in commercial (non-financial) entities that are deducted under APRA rules	*26g*	*11.5*	*(11.5)*	-
Current tax receivable		4.2		4.2
Deferred tax assets	*26e*	35.7		35.7
Other assets		34.4	18.8	53.2
of which Costs associated with issuing capital instruments	*26f*		*0.4*	*0.4*
of which: Securitisation start up costs	*26f*		*2.7*	*2.7*
Total Assets		**10,458.3**	**(1,131.5)**	**9,315.3**
Liabilities				
Deposits		7,668.0	0.1	7,668.1
Derivative liabilities		3.7		3.7
Other payables		54.4	1.0	55.4
Lease liabilities		49.7		49.7
Borrowings		1,940.1	(1,132.6)	807.5
Deferred tax liabilities	*26e*	25.9		25.9
Provisions		20.1		20.1
Total Liabilities		**9,761.9**	**(1,131.5)**	**8,630.4**
Net Assets		**696.4**	**-**	**684.9**
Equity				
Reserves	*3*	224.9		224.9
of which: Gains/(losses) on effective cash flow hedges	*11*			*36.32*
Retained earnings	*2,3*	460.0		460.0
Total Equity		**684.9**	**-**	**684.9**

(1) Adjustment column includes the entities that have been provided prudential relief and are not included in the Consolidated Entity for capital purposes

Annual Regulatory Capital Disclosure Reconciliation (continued)
as at 30 June 2022

People's Choice
Banking for life

Entities excluded from level 2 regulatory Consolidated Group

	Total Assets $m	Total Liabilities $m
1. Securitisation		
Entity is included within the accounting consolidation but excluded from the regulatory Consolidation Group.		
Light Trust No.6	100.1	100.1
Light Trust 2017-1	134.9	134.9
Light Trust 2018-1	162.5	162.5
Light Trust 2019-1	283.5	283.5
Light Trust 2021-1	448.9	448.9
2. Warehouse Securitisation Facilities		
Entities not owned nor controlled by the Consolidated Group where funding facilities are included within the accounting consolidation but excluded from the regulatory Consolidation Group.		
Integris Securitisation Services Pty Ltd	3.1	3.1

Capital Adequacy

People's Choice
Banking for life

Risk-weighted Assets	30 June 2022 $m	31 March 2022 $m
Capital requirements (in terms of risk-weighted assets) for credit risk (excluding securitisation) by portfolio:		
Claims secured by residential mortgage	2,691.6	2,542.4
Other retail	386.9	389.4
Corporate	-	-
Banks and Other ADIs	354.6	516.4
Government	-	-
All other	218.8	177.9
Total on balance sheet assets and off balance sheet exposures	**3,651.9**	**3,626.1**
Securitisation Risk weighted assets	**10.6**	**7.9**
Market Risk weighted assets	**-**	**-**
Operational Risk weighted assets	**523.8**	**514.9**
Total Risk weighted Assets	**4,186.2**	**4,148.9**
Capital Ratios for the Consoliated Group	**%**	**%**
Common Equity Tier 1	13.12%	13.04%
Tier 1	13.12%	13.04%
Total Capital	**14.91%**	**14.85%**

Credit Risk

People's Choice
Banking for life

	Gross Credit Exposure		Average Gross Credit Exposure	
	30 June 2022 $m	31 March 2022 $m	30 June 2022 $m	31 March 2022 $m
Loans and advances secured by residential mortgage	7,293.5	6,901.4	7,097.5	6,767.3
Other Member Loans	386.9	389.4	388.1	392.5
Commitments	1,135.7	1,113.5	1,124.6	1,165.0
Derivatives	1,460.0	1,425.0	1,442.5	1,445.0
Liquid Assets	1,397.6	1,639.8	1,518.7	1,677.5
Other	135.6	106.3	120.9	95.3
Total	**11,809.2**	**11,575.5**	**11,692.4**	**11,542.6**

30 June 2022

Portfolios	Impaired Loans $m	Past Due Loans >90 days - not impaired $m	Specific Provisions $m	Charges for specific provision & amounts written-off during the period $m
Loans and advances secured by residential mortgage	5.7	30.7	5.7	(1.5)
Other Member Loans	2.5	-	3.6	(0.7)
Commitments	-	-	-	-
Derivatives	-	-	-	-
Liquid Assets	-	-	-	-
Other	-	-	-	-
Total	**8.2**	**30.7**	**9.3**	**(2.2)**

31 March 2022

Portfolios	Impaired Loans $m	Past Due Loans >90 days - not impaired $m	Specific Provisions $m	Charges for specific provision & amounts written-off during the period $m
Loans and advances secured by residential mortgage	6.1	33.2	7.3	0.1
Other Member Loans	2.7	-	4.8	0.3
Commitments	-	-	-	-
Derivatives	-	-	-	-
Liquid Assets	-	-	-	-
Other	-	-	-	-
Total	**8.8**	**33.2**	**12.1**	**0.4**

Securitisation

People's Choice
Banking for life

30 June 2022	Capital Relief $m	Funding Only $m	Self-securitisation $m	Recognised Gain or Loss on Sale $m
Securitisation Activity for the Quarter				
Residential Mortgage	-	160.2	-	-
Total Exposures	**-**	**160.2**	**-**	**-**

Securitisation Exposure Types	On-Balance Sheet $m	Off-Balance Sheet $m	Total Exposures $m
Securitisation*	1,913.9	1,133.1	3,047.0
RMBS securities held	1,699.8	-	1,699.8
Redraw facilities	16.1	6.5	22.6
Swap facilities	-	46.3	46.3

31 March 2022	Capital Relief $m	Funding Only $m	Self-securitisation $m	Recognised Gain or Loss on Sale $m
Securitisation Activity for the Quarter				
Residential Mortgage	-	57.1	235.0	-
Total Exposures	**-**	**57.1**	**235.0**	**-**

Securitisation Exposure Types	On-Balance Sheet $m	Off-Balance Sheet $m	Total Exposures $m
Securitisation*	1,814.2	1,227.5	3,041.7
RMBS securities held	1,698.5	-	1,698.5
Redraw facilities	15.8	7.0	22.8
Swap facilities	-	32.7	32.7

* Loans and advances secured by residential mortgage.

Annual Remuneration Disclosure
30 June 2022

People's Choice
Banking for life

INTRODUCTION

The following remuneration disclosures have been prepared for Australian Central Credit Union Ltd, trading as People's Choice Credit Union (**People's Choice**), in accordance with APRA's remuneration disclosure requirements under prudential standard APS 330 Public Disclosure (**APS 330**) and the Remuneration Policy.

APS 330 requires that all Authorised Deposit-taking Institutions (**ADIs**) meet the minimum requirements for public disclosure of qualitative and quantitative information of their remuneration practices.

The quantitative information relates to senior managers and material risk takers employed by People's Choice during the financial year ended 30 June 2022. The qualitative remuneration disclosures are broader in scope and cover all individuals included in the Remuneration Policy, as outlined in prudential standard CPS 510 Governance (**CPS 510**).

The information reported is provided for regulatory disclosure purposes and is not comparable to accounting reporting or any other information disclosed elsewhere by People's Choice.

Senior Managers for the purpose of this disclosure include the Chief Executive Officer (**CEO**) and the Executive Management Team (as per the Remuneration Policy). A 'Senior Manager' refers to each responsible person included in an ADI's Remuneration Policy under paragraph 57(a) of CPS 510. During the financial year ended 30 June 2022, the total number of employees within this group was 9. As at 30 June 2022, there were 8 employees within this group.

Material Risk Takers are defined as persons included in an ADI's Remuneration Policy under paragraph 57(c) of CPS 510 as all other persons for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of the regulated institution. Based on this definition, the Board has assessed that for the purposes of this disclosure, that all Material Risk Takers are already captured by the defined Senior Manager position.

People's Choice
Banking for life

QUALITATIVE DISCLOSURES

Remuneration Governance

The Board is responsible for remuneration governance. It has established the Remuneration Committee (**Committee**) as the main body which oversees remuneration for People's Choice and its responsibilities include:

- conducting regular reviews of, and making recommendations to the Board on the Remuneration Policy;
- making annual recommendations to the Board on the remuneration of the CEO and direct reports of the CEO;
- overseeing the remuneration of other persons whose activity may, in the Committee's opinion, affect the financial soundness of People's Choice, and any other person specified by APRA; and
- making annual recommendations to the Board on the remuneration of any other categories of persons covered by the Remuneration Policy.

The roles and responsibilities of the Committee are set out in the "Remuneration Committee Terms of Reference" (**Terms**). The Terms are reviewed by the Committee at least every 18 months and reviewed and endorsed by the Board at least every three years.

The Terms provide that the Committee will comprise at least three non-executive directors appointed by the Board. Members of the Committee are appointed annually by the Board.

The Committee is required to meet a minimum of three times during each financial year. During the financial year ended 30 June 2022, the Committee met 6 times.

In line with paragraph (g) of Table 22 of APS 330, the fees paid to the Committee in total are set out below. Because members of the Committee also sit on other People's Choice Board Committees and the Board itself, the fees quoted below also include remuneration earned in relation to performing the duties of those additional positions.

Financial year ended 30 June 2022

Committee Members:	3 (including Chair)
Meetings:	6
Total Fees[1]:	$402,594

The Committee has available to it unfettered access to internal risk and financial control personnel and other relevant employees. The Committee is also empowered to consult independent external advisers where it is deemed necessary to assist in the carrying out of its duties. Where the Committee chooses to seek advice from external advisers the Committee can do this independently of, and without involving, management of People's Choice.

During the financial year ended 30 June 2022, the Committee engaged Korn Ferry Hay Group and Financial Institutions Remuneration Group (FIRG) to advise on market remuneration data and market practice.

[1] Members of the Committee also sit on other People's Choice Board Committees and the Board itself, therefore fees quoted also include remuneration earned in relation to performing the duties of those additional positions.

Remuneration Policy and Framework

To assist with the management of People's Choice's remuneration processes, the Committee has approved the Remuneration Policy which sets out the design and structure of the remuneration processes for People's Choice.

The Remuneration Policy applies to People's Choice and its controlled entities. The Remuneration Policy provides a remuneration structure comprising base salary and short-term incentive (**STI**) to reward employees covered by the policy.

The Remuneration Policy:

- Outlines the general principles of remuneration for employees;
- Outlines the general principles for the setting of performance goals for employees; and
- Explains the relationship between the Remuneration Policy and other People's Choice management policies relating to remuneration and performance goals.

The Committee reviews the Remuneration Policy at least annually and recommends any amendments to the Board for approval. During the reporting period the following changes to the Remuneration Policy were endorsed:

- A review of the roles covered under the Remuneration Policy according to CPS 510.
- Other minor amendments to position titles to reflect the current organisational structure.

People's Choice's remuneration policy aims to remunerate competitively in line with the financial services market considering factors such as organisational size and complexity, and role responsibility in order to attract and retain the talent necessary to meet organisational objectives.

The remuneration structure in place for employees is consistent with People's Choice's Remuneration Policy and is based on a total remuneration approach comprising an appropriate mix of fixed (salary and benefits) and, where applicable, variable remuneration. The total remuneration mix for an individual varies depending on a number of factors which are outlined in the next section.

People's Choice
Banking for life

Remuneration Components

Remuneration arrangements for employees of People's Choice may encompass the following components:

- Fixed remuneration – salary based on role size and market value
- Variable remuneration – performance based, at-risk bonus

The table below provides an overview of the remuneration components applicable to employees of People's Choice.

Item	Structure, Performance and Risk Alignment
Fixed Remuneration	Fixed remuneration is comprised of base salary, fees, any fringe benefits, superannuation, and any employee salary sacrificed benefits. Fixed remuneration is commensurate with the size and complexity of the role, individual responsibilities, individual performance, experience, and skills. Fixed remuneration is typically reviewed annually, as part of the annual remuneration review. This review takes into account the employee's individual performance against various KPIs and market relativity. Superannuation contributions are paid according to statutory requirements.
Variable Remuneration	Employees may participate in variable remuneration arrangements, depending on their job role. Payment of any variable remuneration is subject to meeting the eligibility criteria (including risk and compliance modifiers). For those employees eligible to receive an annual incentive payment, the amount paid is typically based upon a number of different factors. These factors include the performance against certain Corporate Key Performance Indicators, and the individual's performance which is reviewed and rated annually. The determination of incentive remuneration is based on various performance metrics i.e., financial and non-financial metrics. Financial metrics include the proportion of funding that comprises retail deposits, residential loan portfolio growth relative to system, the cost to income ratio and net profit before tax. Non-financial metrics include risk culture assessments and compliance with risk management frameworks and appetite, employee engagement and culture, membership growth and advocacy, and other strategic initiatives. In determining the value of variable pay, People's Choice adopts, as policy, the use of set targets to determine the extent to which overall organisational performance has been achieved as well as individual performance. The Committee retains discretion to recommend to the Board variations to the incentive payment to reflect the achievement of performance metrics.

Remuneration and Risk Management

The Remuneration Policy forms part of People's Choice's Risk Management Framework.

The Committee ensures that the Remuneration Policy encourages behaviour that supports People's Choice's long-term financial soundness, growth, and success within an appropriate risk management framework and within the risk appetite as approved by the board.

Performance based components of remuneration are designed to align remuneration with desired risk culture and risk appetite of the organisation.
Failure to meet desired risk outcomes results in the reduction or forfeiture of variable remuneration payable to the employee.

Further, the Remuneration Policy provides that after careful consideration of the ongoing financial soundness of People's Choice, or in response to significant unexpected events, the Committee may recommend to the Board that the annual performance incentive to be received by employees covered be reduced, including to zero if appropriate, with the same reduction rate applying to all or to a selected group of employees.

Performance and Reward Linkage

Variable remuneration payments under People's Choice variable remuneration plans are linked to several performance measures including strong individual performance and the performance of People's Choice (through financial and non-financial measures).

Further information on the link between KPIs and variable reward plans are outlined below:

Component	Input into variable reward plans
People's Choice performance against Corporate KPIs	People's Choice's performance is assessed against both financial and non-financial measures which support People's Choice's strategic objectives. For Senior Managers, these measures are weighted and scored to give an overall performance score. Financial measures include the proportion of funding that comprises retail deposits, residential loan portfolio growth relative to system, the cost to income ratio and net profit before tax. Non-financial measures include risk culture assessments and compliance with risk management frameworks and appetite, employee engagement and culture, membership growth and advocacy, and other strategic initiatives.
Employee performance against individual KPIs	All employees are required to complete a performance review against individual performance objectives that are set and agreed at the start of the relevant financial year. Objectives are set using a top-down approach to ensure individual objectives align with People's Choice strategy. Assessment against these objectives is completed at the end of the financial year and employees receive a performance assessment. This assessment directly feeds into the annual remuneration review for the employee. Higher levels of performance result in higher levels of variable remuneration whilst poor individual performance may exclude an employee from any variable remuneration payment and/or no increase in fixed remuneration. Employees are also assessed against People's Choice corporate values with the rating outcome serving as an input into remuneration outcomes. Individual performance requirements for Executive Managers are set by the CEO and endorsed by the Committee for Board approval.

Deferral and Clawback

People's Choice may utilise deferred bonuses and/or clawback as a risk management approach where it is determined appropriate or required by the Banking Executive Accountability Regime (BEAR). Any deferred bonuses or clawbacks for non-executive positions are recommended by the CEO and approved by the Committee. All Executive positions are subject to the Banking Executive Accountability Regime (BEAR) and hence variable remuneration paid to Executives is subject to deferral in accordance with BEAR. These obligations are overseen by the Board on recommendation from the Committee.

Employees may be subject to clawback provisions as outlined in the relevant remuneration terms for the position. Such provisions may include, but are not limited to, the right of People's Choice to suspend or cancel payments in circumstances where:

- Eligibility requirements have not been met;
- The employee is subject to formal disciplinary action; and/or
- The employee has advice quality, compliance, legislative, values-based behavioural or performance issues.

Deferral and clawback provisions are in place to ensure that, with the benefit of hindsight, appropriate risk outcomes have been achieved.

The clawback provisions were not exercised during the financial year ended 30 June 2022.

Risk and Financial Control Personnel

Risk and financial control personnel (as defined in paragraph 57(b) of CPS 510) are employed in centralised functions across People's Choice. Remuneration outcomes for these individuals are based on corporate and individual performance.

People's Choice has established procedures to ensure that risk and financial control personnel are remunerated independently of the business units they oversee as outlined below:

- All components of remuneration for risk and financial control personnel are documented in accordance with remuneration policies and procedures and require the following levels of approval and disclosure:
  - Fixed components require approval by the CEO and endorsement by the Committee and approval by the Board;
  - Variable components require approval by the CEO and are reported to the Committee.
  - Variable components are also structured in such a manner so as to not to create a conflict with their risk and/or financial responsibilities.

- As a Senior Manager under the Remuneration Policy, fixed and variable remuneration components for the Chief Risk Officer require CEO approval, Committee endorsement and Board approval.

QUANTITATIVE DISCLOSURES

Remuneration for the year ended 30 June 2022

The following tables have been prepared in accordance with the quantitative requirements outlined in APS 330.

The table below summarises the requirements under paragraph (h) in Table 22 of APS 330 and provides a breakdown of the various payments made to Senior Managers for the financial year ended 30 June 2022.

Table (a): Awards made to Senior Managers	
Number receiving a variable award	8
Guaranteed bonuses awarded	-
Sign-on awards	-
Termination payments[2]	$210,000

The table below provides a summary of deferred cash and equity-based remuneration, including total amount of outstanding awards, and those that have vested during the 2022 financial year, including any reductions due to ex post explicit and implicit adjustments.

The table summarises the requirements under paragraphs (i) and (k) in Table 22 of APS 330 for the financial year ended 30 June 2022.

Table (b): Outstanding Deferred Remuneration applicable to Senior Managers	
Cash based awards [3]	$648,609
Shared and share-linked instruments	-
Total deferred remuneration vesting during the 2022 financial year	-
Total reductions during the 2022 financial year due to explicit adjustments	-
Total reductions during the 2022 financial year due to implicit adjustments	-

The table below (formatted as per Table 22A of APS 330) summarises the requirements under paragraph (j) in Table 22 of APS 330 and provides a breakdown of the value of fixed and variable remuneration for Senior Managers for the financial year ended 30 June 2022.

Table (c): Breakdown of Fixed and Variable Remuneration for Senior Managers	
Number of incumbents	8
Fixed Remuneration	
Cash based (Non-Deferred) [4]	$3,568,595
Shares and share-linked instruments	-
Other [5]	$377,533
Variable Remuneration	
Cash based (Non-Deferred) [6]	$876,321
Cash based (Deferred) [7]	$264,738
Share-linked instruments (Deferred)	-
Other	-

[2] Excludes payments related to statutory leave accruals

[3] Represents total outstanding deferred remuneration awards, inclusive of employer superannuation.

[4] Represents actual fixed remuneration received, including salary sacrificed benefits and employer superannuation.

[5] Represents value of annual leave and long service leave accruals.

[6] Represents the value of incentive payments for the 2022 financial year.

[7] Represents remuneration awarded but deferred during the 2022 financial year, inclusive of employer superannuation.