



People First Bank

Annual Remuneration Disclosures

2024/2025 Financial Year

People First Bank, People's Choice Credit Union, and Heritage Bank are trading names of Heritage and People's Choice Limited

1. Introduction

The following remuneration disclosure report has been approved by the Board of Heritage and People's Choice Limited (ACN 087 651 125) trading as People First Bank, Heritage Bank and People's Choice Credit Union (**People First Bank**) in accordance with Australian Prudential Regulation Authority (**APRA**) Prudential Standard CPS 511 Remuneration.

2. Qualitative disclosures

2.1. Governance of the remuneration framework

People First Bank's Board (**the Board**) is responsible for People First Bank's Remuneration Framework and its effective application. The Board met eight times during the 2024/2025 financial year. During the 2024/2025 financial year the Board comprised of 12 Directors up until the Annual General Meeting held on 14 November 2024, where two Directors retired leaving 10 Directors for the remainder of the financial year.

The Board approves the Remuneration Policy which is reviewed annually, with recommendations provided by the Board Remuneration and Governance Committee. The Board reviews and approves the remuneration arrangements, including annual performance reviews and outcomes for the Chief Executive Officer, Executives, Head of Internal Audit and the People First Bank Treasurer. The Board also reviews and approves the remuneration arrangements and variable remuneration outcomes for other Specified Roles as required, including risk and financial control personnel. The vesting of an individual's deferred variable remuneration awarded in prior years, including variations due to specific exceptions, is also approved by the Board.

The Board may exercise its discretion when approving remuneration outcomes following review and endorsement by the Board Remuneration and Governance Committee. This discretion includes adjusting fix pay arrangements and annual variable remuneration targets and variable reward outcomes. This discretion may be applied on an individual basis or applied to Corporate Scorecard outcomes which are applied to those who have variable remuneration outcomes directly linked to the Corporate Scorecard.

People First Bank has an established Board Remuneration and Governance Committee under a documented Charter setting out the Committee's role to assist the Board to oversee the design, operation, and monitoring of People First Bank's Remuneration Framework, and ensure relevant policies and practices comply with appropriate corporate governance and APRA prudential standards.

The Board Remuneration and Governance Committee Charter sets out the purpose of the Committee:

1. The delivery of People First Bank's purpose and strategy is, in large part, dependent on attracting, retaining and supporting skilled and engaged employees. The Committee must seek to ensure that the measures that reward its people, aligned to their performance and accountability, are fair, equitable and transparent; and that People First Bank's remuneration framework is structured to align with its risk management framework promoting effective management of both financial and non-financial risk.
2. The Committee is expected to operate effectively, make clear recommendations to the Board on at least an annual basis regarding remuneration and corporate governance matters, and provide appropriate oversight and challenge in the discharge of its responsibilities consistent with contemporary leading governance practice and applicable regulatory requirements.

The Board Remuneration and Governance Committee met five times during the 2024/2025 financial year, with the Committee's composition included in the table below.

Remuneration & Governance Committee Members	
Michael Cameron	Chair
Dennis Campbell	Director
Virginia Hickey	Director
Wendy Machin	Director

People First Banks' Board Remuneration and Governance Committee reviews and endorses the Remuneration Policy, including the Remuneration Framework, prior to approval by the Board.

People First Bank conducts an annual performance and remuneration review at the end of each financial year. As part of the annual remuneration review, the Board Remuneration and Governance Committee is provided an annual review of risk, compliance, audit and conduct matters prepared by the Chief Risk Officer, Head of Internal Audit, and Chief People Officer. The information provides relevant information on key risks, compliance and conduct matters to support the Board Remuneration and Governance Committee in duly considering potential cases of adverse risk and or conduct outcomes for the purpose of applying variable remuneration adjustments with reference to the Consequence Management Framework in the Remuneration Policy. The Chief Risk Officer's report is endorsed by the Board Risk and Compliance Committee prior to submission to the Board Remuneration and Governance Committee. The Head of Internal Audit's report is referred to the Board Remuneration and Governance Committee following consideration by the Board Audit Committee.

The Chair of the Board Remuneration and Governance Committee formally consults with the Chairs of the Board Risk and Compliance Committee, the Board Audit Committee, and the Board Technology and Integration Committee to support the deliberations of the Board Remuneration and Governance Committee to enable risk outcomes to be appropriately reflected in remuneration outcomes.

The table below outlines the key components of the governing bodies' responsibilities with respect to the Remuneration Framework:

	People First Bank Board	Remuneration and Governance Committee	Risk and Compliance Committee	Technology and Integration Committee	Audit Committee
Policy Framework					
Remuneration Policy including the Remuneration Framework (Appendix)	Approve	Endorse			
Enterprise Agreement	Informed	Informed			
Risk Management Framework	Approve		Endorse		
Executive and Senior Leader Incentive Plans	Approve	Endorse			
Remuneration System					
PFB Strategy and 3-year Business plan	Approve				
PFB Corporate Scorecard					
- Setting of key performance indicators and measures	Approve	Endorse	Endorse (Risk *KPIs and overall risk outcomes)	Consulted (Risk outcome results)	Consulted (Audit outcomes)
- Outcome/ results					
Appointments, performance objectives, remuneration arrangements and outcomes for the CEO, and Senior Managers.	Approve	Endorse	Endorse (Chief Risk Officer Performance measures)		Endorse (Head of Internal Audit)
Performance outcomes for Risk and Financial Control Personnel as a cohort.	Approve	Endorse			

*KPIs – key performance indicators

A review of compliance of the remuneration framework against the requirements CPS 511 Remuneration, is conducted annually with outcomes presented to the Board Remuneration and Governance Committee. No adjustments were made to the Remuneration Framework following the review in the 2024/2025 financial year.

People First Bank may, as it considers necessary from time to time, obtain independent external remuneration advice. Where appropriate, independent remuneration advice and market/peer benchmarking data may be used to inform the Remuneration Policy, Remuneration Framework, variable remuneration arrangements, job evaluations, and to set internal pay bands.

During the period 1 July 2024 to 30 June 2025, Korn Ferry and the Financial Institutions Remuneration Group (**FIRG**) were engaged for the provision of remuneration market benchmarking data.

2.2. Remuneration framework

2.2.1. Remuneration framework features and objectives

The Remuneration Framework refers to the totality of systems, structures, policies, processes and roles that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of risks relating to remuneration.

The Remuneration Framework is included within the People First Bank Remuneration Policy. The Remuneration Policy is an essential component in ensuring People First Bank meets its regulatory obligations under APRA Prudential Standard CPS 511, the Banking Executive Accountability Regime (**BEAR**) and the Financial Accountability Regime (**FAR**).

People First Bank's Remuneration Policy applies to all employees. People First Bank does not have foreign subsidiaries and operates solely within Australia.

The Remuneration Framework objectives include ensuring:

- Alignment with the 3-year Business Plan and Strategic Objectives
- Alignment with the Risk Management Framework
- Promoting effective management of financial and non-financial risks
- Management of sustainable performance and long term-soundness
- Prevention and mitigation of conduct risk

Key components of People First Bank's remuneration system include:

- Job evaluation-position sizing
- Annual remuneration review
- Performance Framework, including performance goal setting and review process
- Consequence Management Framework
- Corporate Scorecard
- Market remuneration benchmarking
- Competitive remuneration market position
- Cash-based short-term incentives
- Gender pay equity reviews

Remuneration structure

People First Bank remunerates employees with fixed pay, comprising base salary plus superannuation in accordance with superannuation guarantee charge (**SGC**) requirements.

Variable remuneration may also be available conditional on achievement of performance objectives, gateways and eligibility as outlined in the relevant incentive plan. All variable reward at People First Bank is cash-based annual incentives. People First Bank does not provide any share or equity-based or long-term incentive plans.

Not all employees are eligible for variable remuneration. For the 2024/2025 financial year, approximately 24% of employees, specifically a cohort covered under the People First Bank Enterprise Agreement, and a cohort of fixed-term employees, were not eligible to participate in incentive arrangements. These individuals are required to complete performance objectives and undergo the performance assessment process including assessing risk management outcomes. Consequence management for employees who do not participate in incentive plans is applied through a structured performance management process, where appropriate, including the issuing of informal and formal warnings, and other disciplinary action, up to and including termination of employment.

2.2.2. Alignment of remuneration outcomes with performance

Corporate Scorecard

People First Bank adopts an annual Corporate Scorecard (**the Scorecard**), approved by the Board, which sets annual measures and targets for performance, aligned to People First Bank's three-year business plan and strategic objectives with a focus on long-term sustainable

performance. The Scorecard is a balanced approach and sets out both financial and non-financial measures.

The Scorecard results are used to inform the variable remuneration outcomes for the Chief Executive Officer, Executives, Department Heads and a select number of Senior Leaders (Managers) as determined by the People First Bank Executive Short Term Incentive Plan and Senior Leader Short Term Incentive Plan. The scorecard framework provides for at target performance and outperformance, with the Board retaining discretion to adjust and determine Scorecard outcomes.

The 2024/2025 Scorecard Key Result Areas include People, Customer, Risk, Financial and Strategic Initiatives. The Scorecard has significant weighting towards non-financial measures as outlined in the table below.

Key Result Area	Measure	Weighting	
People	Employee Engagement		
Customer	Customer Net promoter Score	Non-Financial	65%
	Net Customer Growth		
Risk	Significant Sustainable Uplift in Risk Management		
Strategic Initiatives	Delivery of Integration Roadmap and Strategic Initiatives		
Financial	Profit before Tax	Financial	35%
	Cost to Income		
	Net Mortgage Loan Growth		
	Retail Deposit Funding as a Percentage of Total Funding		
Total			100%

Individual Performance

People First Bank's Performance Framework sets the structure for setting performance objectives for individual performance and aligns to the five key result areas – People, Customer, Risk, Financial and Strategic Initiatives aligned to the Key Result Areas of the Scorecard. The Performance Framework includes weighting guidance to ensure material weighting to non-financial measures. Non-financial measures are required to have a minimum weighting of 67%, with financial measures set at a maximum of 33%. The Performance Management Framework applies to employees for their individual performance, excluding CEO and Executives.

Key Result Areas	Weighting Requirement
People	
Customer	
Risk	Minimum 67% total
Compliance	
Strategic Initiatives	
Financial	Maximum 33%

In addition to performance objectives, People First Bank Values & Risk Behaviours are also assessed as part of the performance review process. Gateways based on performance, conduct and risk must be met to be eligible for variable remuneration.

The overall performance rating is dependent on the assessment of both elements – Performance “The What” and Values & Risk Behaviours “The How”.



2.3. Design of Variable remuneration plans for specified roles

Specified roles capture those individuals and cohorts who can have a material influence on the performance and risk profile of the entity (in both the short and long term).

The following roles are specified roles covered under CPS 511 and include Senior Managers, and risk and financial control personnel. People First Bank has no other employees considered as material risk takers that are not already captured as Senior Managers.

Senior Managers

People First Bank Executive roles are classified as Senior Managers and include the Chief Executive Officer and Chief Officers reporting into the Chief Executive Officer. In addition, the Head of Internal Audit and the Treasurer have been classified as Senior Managers. Senior Managers during the 2024/2025 Financial year are listed below:

Senior Managers	
Executives	<ol style="list-style-type: none">1. Chief Executive Officer2. Chief Financial Officer3. Chief Customer Officer4. Chief Technology and Transformation Officer5. Chief Operating Officer6. Chief Risk Officer7. Chief Regulatory & Compliance Officer <i>(position ceased 28 Feb 2025)</i>8. Chief People Officer9. Chief Legal Officer & Company Secretary
Department Heads	<ol style="list-style-type: none">10. Head of Internal Audit11. Treasurer

People First Bank Executive Short-Term Incentive Plan

The People First Bank Executive Short Term Incentive Plan (Executive Plan) sets out the rules for the operation of the incentive plan for the Executive roles. All Executives are eligible to participate in the plan. All variable reward target opportunity and awards are cash based and short-term incentives.

The incentive plan provides Executives with the opportunity to earn variable reward based upon company outcomes as set by the Scorecard and individual performance. Payments made under the plan are paid annually following the end of the plan year following approval by the Board. Any variable reward amount determined and approved by the Board is subject to deferral conditions to meet the deferral obligations set out in CPS 511 and the Financial Accountability Regime (FAR). No other deferral mechanisms are used.

All executives are entitled to participate in the Executive Plan. Individual assessment is assessed against objectives approved by the Board with reference to driving contribution to the overall operation of People First Bank and divisional performance including risk management and delivery of strategic programs for which the Executive is the lead sponsor or key contributor. For the 2024/2025 financial year, individual performance assessment criteria included Divisional Leadership of Risk and Compliance, Executive Contribution and Leadership, and Business Unit Performance and Divisional Results. The Chief Executive Officer reviews the Executive Individual Performance outcomes, and the individual reviews are provided to the Board for consideration in approving variable reward outcomes.

The Scorecard is approved by the Board and aligns the annual performance measures to the Board approved 3-year Business plan as described in Section 2.1.2. The Scorecard drives alignment through shared accountability for organisational performance. The Board approves the Scorecard annually following endorsement from the Board Remuneration and Governance Committee. The Board retains discretion to adjust and determine Scorecard outcomes.

The Scorecard weightings of 65% to non-financial measures together with the Individual performance criteria ensures there is a material weight given to non-financial measures in determining variable reward outcomes.

Once an Executive has passed the gateway assessment under the Executive Plan, the Board approved individual performance score is combined with the Scorecard weighted outcome to determine the recommended variable remuneration to be awarded. The weighting of the Scorecard and Individual performance criteria is as set out below:

Plan	Specified Role	Specified Role Participation	Variable Remuneration Weighting	
			Corporate Scorecard	Individual Performance
Executive Short-term Incentive Plan	Chief Executive Officer	80%	100%	0%
	Senior Managers		70%	30%

Senior Leader Short-Term Incentive Plan

Two Senior Managers are covered under the Senior Leader Short-Term Incentive Plan. All variable rewards are cash based short-term incentives.

The plan works in line with the People First Bank Performance Framework and has 50% weighting towards the Scorecard, and 50% weighting towards individual performance as outlined below.

Plan	Specified Role	Specified Role Participation	Variable Remuneration Weighting	
			Corporate Scorecard	Individual Performance
Senior Leader Short-term Incentive Plan	Senior Managers	20%	50%	50%

Risk and Financial Control Personnel

People First Bank Risk and Financial Control Personnel are persons whose primary role is in risk management, compliance, internal audit, and financial control, and are employed in centralised functions. Remuneration arrangements for Risk and Financial Control personnel are determined in accordance with People First Bank's remuneration policies and procedures with salary increases and incentives reported to the Board Remuneration and Governance Committee and approval by the Board on a cohort basis.

People First Bank's risk and financial control personnel are covered under either the People First Bank Senior Leader Plan, the Heritage Corporate Plan, or the Heritage Treasury Plan. Senior Leaders have 50% of their variable reward determined by the Scorecard result.

People First Bank incentive plans for risk and financial control personnel are outlined in the table below including Scorecard weighting application. The individual performance measures include non-financial measures, which are required to have a minimum weighting of 67%, with financial measures set at a maximum of 33%.

Specified Role	Plan	Specified Role Participation	Variable Remuneration Weighting	
			Corporate Scorecard	Individual Performance
Risk and Financial Control Personnel	Senior Leader Incentive Plan	50%	50%	50%
	Heritage Corporate Plan	42%	0%	100%
	Heritage Treasury Plan	8%	0%	100%

Variable remuneration outcomes for Risk and Financial Control Personnel reporting into Senior Managers, for the 2024/2025 financial year, ranged between 2.4% and 21.5% of fixed remuneration. Below Department Heads, variable remuneration is assessed on 100% individual performance based on performance objectives relevant to their roles and the purpose of their functions, and are not measured on the performance of the business activities they control.

No special payments or downward adjustments were made to Risk and Financial Control Personnel reporting into Senior Managers in the 2024/2025 financial year.

2.4. Deferrals and adjustments

The People First Bank Remuneration Policy sets out the deferral requirements for People First Bank Senior Managers, including the Chief Executive Officer, and when clawback provisions may be applied to variable remuneration.

For the Chief Executive Officer and Executives, variable remuneration is delivered as immediate cash payment and deferred cash awards where required under CPS511 and FAR. Deferred cash awards have minimum deferral periods applied as per CPS 511, and the FAR.

The Consequence Management Framework (**CMF**) is included in the Remuneration Policy and provides an assessment guide to categorise the severity of a matter using a two-scale matrix under the categories of Impact and Accountability. Consideration of the conduct type assists in the assessment to understand the individual's contribution to the circumstances which led to the adverse outcome. A Consequence Management Assessment Guide is used to determine the severity and impact level, which in turn provides the adjustment guidance outlined in a Variable Remuneration Adjustment Matrix.

The Board has absolute and ongoing discretion to apply downward adjustments to an employee's variable remuneration (including to nil), in the form of in-period adjustments, malus and/or clawback for persons in Specified Roles.

Clawback arrangements will apply for a period of at least two years from the date of payment. People First Bank may exercise its discretion to downwardly adjust a person's variable remuneration, this may include (but is not limited to) where the Board of People First Bank considers that:

- (a) There has been misconduct leading to significant adverse outcomes.
- (b) There has been a significant failure in risk management (including both financial and non-financial risks).
- (c) There has been a significant failure or breach of accountability, fitness and propriety, or compliance obligations.
- (d) There has been a significant error or a significant misstatement of the criteria on which the variable remuneration was based.
- (e) There has been significant adverse outcomes for members.
- (f) It is necessary to comply with regulatory direction.

Vesting of all deferred remuneration is subject to approval by the Board.

3. Quantitative disclosures

The following tables have been prepared in accordance with the requirements outlined in CPS 511.

The following remuneration information includes remuneration of individuals that were in a specified role in the 2024/2025 financial year.

3.1. FY25 Remuneration Outcomes

The table below provides the 2024/2025 financial year fixed pay and variable paid remuneration pertaining to performance for year ending 30 June 2025, and vested variable remuneration paid in the 2024/2025 financial year for the Chief Executive Officer and Senior Managers.

AUD	CEO	Other Senior Managers
1. Number of employees paid fixed remuneration	1	10
2. Total fixed remuneration*	\$1,516,277	\$5,206,801
3. of which: cash-based	\$1,516,277	\$5,206,801
4. of which: share-based awards	-	-
5. of which: other	-	-
6. Average percentage increase in total fixed remuneration (row 2) on previous financial year	-	-
7. Number of employees eligible for variable remuneration	1	9
8. Number of employees that received variable remuneration	1	9
9. Total variable remuneration**	\$470,111	\$1,046,934
10. of which: cash-based	\$470,111	\$1,046,934
11. of which: share-based awards	-	-
12. of which: other	-	-
13. Total variable remuneration (row 9) that has been deferred	\$191,470	\$146,929
14. of which: cash-based	\$191,470	\$146,929
15. of which: share-based awards	-	-
16. of which: other	-	-
17. Average percentage increase in total variable remuneration (row 9) on previous financial year	-	-
18. Total remuneration (sum of rows 2 + 9)	\$1,986,388	\$6,253,735

* Fixed remuneration - Includes base salary and superannuation.

**Variable remuneration – includes cash awards paid for the 2024/2025 financial year and deferred awards from prior years that vested during the 2024/2025 financial year.

3.2. FY25 Special Payments

The table below provides special payments made during the 2024/2025 financial year.

AUD	CEO	Other Senior Managers
1. Number of employees paid a guaranteed bonus	-	-
2. Total guaranteed bonuses	-	-
3. Number of employees paid a sign-on award	-	-
4. Total sign-on awards	-	-
5. Number of employees paid a severance payment	-	1
6. Total severance payments	-	\$483,992

3.3. FY25 Deferred and adjusted variable remuneration

The table below provides deferred and adjusted variable remuneration for the Chief Executive Officer and Senior Managers.

Column A: includes prior financial years' awards that have not vested and deferred variable remuneration for the 2024/2025 financial year. Note that this includes deferred amounts for one Senior Manager who ceased employment during the financial year.

Column B: includes vested variable remuneration paid in the 2024/2025 financial year, and non-deferred variable remuneration for the 2024/2025 financial year.

Column C: no downward adjustments were applied to variable remuneration reported in columns A and B.

AUD	A Total amount of outstanding deferred variable remuneration post adjustments	B Total amount of variable remuneration not deferred post adjustments	C Total amount of downward adjustment to variable remuneration reported in columns A and B
CEO			
1. Total CEO	\$1,313,823	\$470,111	-
2. of which: cash	\$1,313,823	\$470,111	-
3. of which: share-based awards	-	-	-
4. of which: other	-	-	-
Other senior managers			
5. Total other senior managers	\$2,066,855	\$1,046,934	-
6. of which: cash	\$2,066,855	\$1,046,934	-
7. of which: share-based awards	-	-	-
8. of which: other	-	-	-
9. Total (sum of rows 1 + 5)	\$3,380,678	\$1,517,045	