



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

For the quarter ended: 31 MARCH 2014

This report has been prepared by Australian Central Credit Union Ltd (trading as People's Choice Credit Union) to meet its disclosure requirements under the Australian Prudential Regulatory Authority (APRA) Australian Prudential Standard (APS) 330 Capital Adequacy: Public disclosure of Prudential Information.

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COMMON DISCLOSURE TEMPLATE
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The Consolidated Group is applying the Basel III regulatory adjustments in full as implemented by APRA under APS 330. the capital disclosures as detailed in the Common Disclosure template below represent the post 1 January 2018 common disclosure requirements.

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	113
3	Accumulated other comprehensive income (and other reserves)	337
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	449,437
Common Equity Tier 1 capital : regulatory adjustments		
7	Prudential valuation adjustments	N/A
8	Goodwill (net of related tax liability)	8
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	12
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	where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
19	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)	23
26a	<i>of which: treasury shares</i>	N/A
26b	<i>issued by the ADI</i>	N/A
26c	<i>of which: deferred fee income</i>	N/A
26d	<i>of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	11
26e	<i>of which: deferred tax assets not reported in rows 10, 21 and 25</i>	12
26f	<i>of which: capitalised expenses</i>	8
26g	<i>of which: investments in commercial (non-financial) entities that are deducted under APRA rules</i>	1
26h	<i>of which: covered bonds in excess of asset cover in pools</i>	N/A
26i	<i>of which: undercapitalisation of a non-consolidated subsidiary</i>	N/A
26j	<i>of which: other national specific regulatory adjustments not reported in rows 26a to 26i</i>	(9)
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	43
29	Common Equity Tier 1 Capital (CET1)	406
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	where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
40	positions)	N/A
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	N/A
41a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	N/A
41b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40</i>	N/A
41c	<i>of which: other national specific regulatory adjustments not reported in rows 41a and 41b</i>	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)	398,362

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Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	N/A
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	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)	N/A
49	of which: instruments issued by subsidiaries subject to phase out	N/A
50	Provisions	7
51	Tier 2 Capital before regulatory adjustments	7,776
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	positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A
55	short positions	N/A
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	1
56a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	N/A
56b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55</i>	N/A
56c	<i>of which: other national specific regulatory adjustments not reported in rows 56a and 56b</i>	1
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	7,776
59	Total capital (TC=T1+T2)	406,138
60	Total risk-weighted assets based on APRA standards	2,806,462
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.47%
62	Tier 1 (as a percentage of risk-weighted assets)	14.47%
63	Total capital (as a percentage of risk-weighted assets)	14.75%
64	requirement, expressed as a percentage of risk-weighted assets)	7.00%
65	<i>of which: capital conservation buffer requirement</i>	2.50%
66	<i>of which: ADI-specific countercyclical buffer requirements</i>	N/A
67	<i>of which: G-SIB buffer requirement</i>	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	7.47%
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)	7
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

REGULATORY CAPITAL DISCLOSURE RECONCILIATION
AS AT 30 JUNE 2013
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	CDT	Consolidated Entity \$m	Adjustments (1) \$m	Regulatory Level 2 \$m
Assets				
Cash and cash equivalents		151.6		151.6
Trade and other receivables		15.3		15.3
Loans and advances		4,891.9	(450.4)	4,441.5
<i>of which: Loan and lease origination fees and commissions paid to mortgage originators and brokers</i>	<i>26f</i>			<i>0.2</i>
Investments:				
Available-for-Sale investment securities		664.0		664.0
Other investments		14.0		14.0
<i>of which: Holding companies of ADIs and equivalent overseas entities</i>	<i>26d</i>			<i>11.3</i>
<i>of which: Commercial (non-financial) entities</i>	<i>26g</i>			<i>1.492</i>
<i>of which: Other Common Equity Tier 1 adjustments as advised by APRA</i>	<i>26j</i>			<i>0.3</i>
Property, plant and equipment		21.3		21.3
Assets Held for Sale		1.0		1.0
Deferred tax assets	<i>26e</i>	13.7		13.7
Intangible assets		15.0		15.0
<i>of which: Goodwill</i>	<i>8</i>			<i>8.5</i>
<i>of which: Information Technology</i>	<i>26f</i>			<i>4.9</i>
<i>of which: Other intangibles</i>	<i>26j</i>			<i>1.2</i>
Other financial assets		4.5		4.5
Other assets		5.3		5.3
<i>of which: Securitisation start up costs</i>	<i>26f</i>			<i>2.7</i>
Total Assets		5,797.4	(450.4)	5,347.0
Liabilities				
Deposits		4,005.0		4,005.0
Other financial liabilities		9.7		9.7
Trade and other payables		83.8		83.8
<i>of which: Mutual Aid</i>	<i>26j</i>			<i>11.0</i>
Borrowings		1,241.5	(450.4)	791.1
Current tax payable		0.1		0.1
Deferred tax liabilities	<i>26e</i>	1.6		1.6
Employee benefits		16.6		16.6
Total Liabilities		5,358.3	(450.4)	4,907.9
Net Assets		439.2	-	439.2
Equity				
Redeemed preference share capital	<i>3</i>	0.6	-	0.6
General reserve for credit losses	<i>50</i>	7.0	-	7.0
Hedging reserve - cash flow hedges	<i>3</i>	(2.3)	-	(2.3)
Asset revaluation reserve	<i>3</i>	0.2	-	0.2
Fair value reserve - Available For Sale financial assets	<i>56</i>	0.8	-	0.8
Other equity reserves	<i>3</i>	171.7	-	171.7
Retained earnings	<i>2,3</i>	261.2	-	261.2
<i>of which: Gains/(losses) on effective cash flow hedges</i>	<i>11</i>			<i>11.6</i>
<i>of which: Fair value of gains/losses on cash flow hedges on merger</i>	<i>3</i>			<i>13.0</i>
Total Equity attributable to members of the Holding Entity		439.2	-	439.2
Total Equity		439.2	-	439.2

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

REGULATORY CAPITAL DISCLOSURE RECONCILIATION (continued)
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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.1	89.4	89.4
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.		
Titan No 12. Trust (NAB)	175.9	175.9
Waratah Finance Pty Ltd ATF Savings and Loans Asset Trust	194.0	194.0

**CAPITAL ADEQUACY
AS AT 31 MARCH 2014
Updated Quarterly**



AS AT 31 MARCH 2014	
\$m	
Credit Risk (in terms of risk weighted assets by portfolio)	
On Balance Sheet	
Deposits with Banks and ADIs	228.096
Loans and Advances:	
Loans secured by residential mortgage	1,472.428
Other member loans	604.599
Other assets	50.679
Off Balance Sheet	
Commitments for loans and advances	59.014
Derivatives	0.467
Securitisation	1.302
Total Credit Risk (risk weighted assets)	2,416.19
Market Risk	Nil
Operational Risk	374.522
Total Risk Weighted Assets	2,790.714
Common Equity Tier 1	472.345
Tier 1 Capital	432.342
Total Capital Ratio	15.772%

AS AT 31 DECEMBER 2013	
\$m	
Credit Risk (in terms of risk weighted assets by portfolio)	
On Balance Sheet	
Deposits with Banks and ADIs	288.279
Loans and Advances:	
Loans secured by residential mortgage	1,522.120
Other member loans	558.214
Other assets	41.928
Off Balance Sheet	
Commitments for loans and advances	48.692
Derivatives	0.384
Securitisation	1.302
Total Credit Risk (risk weighted assets)	2,460.919
Market Risk	Nil
Operational Risk	374.522
Total Risk Weighted Assets	2,835.441
Common Equity Tier 1 ratio	465.441
Tier 1 Capital Ratio	425.030
Total Capital Ratio	15.265%

CREDIT RISK EXPOSURES
AS AT 31 MARCH 2014
Updated Quarterly



AS AT 31 MARCH 2014						
	Loans and advances secured by residential mortgage	Other member loans	Commitments	Derivatives	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Gross Credit Risk Closing Balance	3,972.089	604.599	1,526.186	512.700	805.328	7,420.903
Quarterly Average Gross Exposure	3,912.114	596.157	1,449.608	475.023	832.387	7,265.288
Amount Impaired	4.859	1.726	-	-	0.823	7.408
Amount Past Due	9.603	1.983	-	-	0.151	11.737
Specific Provision	0.517	2.865	-	-	-	3.382
Charges for specific provision and amounts written-off during the period	-	0.351	-	-	-	0.351
General Reserve for Credit Losses						7.020

AS AT 31 DECEMBER 2013						
	Loans and advances secured by residential mortgage	Other member loans	Commitments	Derivatives	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Gross Credit Risk Closing Balance	3,931.705	558.214	1,415.051	456.115	915.276	7,276.361
Quarterly Average Gross Exposure	3,891.921	572.964	1,394.041	446.730	887.361	7,193.017
Amount Impaired	5.517	1.788	-	-	0.448	7.752
Amount Past Due	8.977	1.658	-	-	0.096	10.732
Specific Provision	0.548	2.483	-	-	-	3.031
Charges for specific provision and amounts written-off during the period	-	(0.012)	-	-	-	(0.012)
General Reserve for Credit Losses						7.020

SECURITISATION EXPOSURES
AS AT 31 MARCH 2014
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AS AT 31 MARCH 2014			
	New Trans.	Gain/Loss	O/S Exposure
	\$m	\$m	\$m
On balance sheet securitisation*	-	-	680.914
Off balance sheet securitisation*	-	-	409.932
RMBS Securities held	-	-	29.204
Redraw facilities	-	-	2.163
Swap facilities	-	-	2.082

AS AT 31 DECEMBER 2013			
	New Trans.	Gain/Loss	O/S Exposure
	\$m	\$m	\$m
On balance sheet securitisation*	-	-	721.918
Off balance sheet securitisation*	-	-	438.716
RMBS Securities held	-	-	36.561
Redraw facilities	-	-	2.313
Swap facilities	-	-	2.082

* Loans and advances secured by residential mortgage.

REMUNERATION DISCLOSURES

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The Corporate Governance Committee is responsible for overseeing remuneration. This includes 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 Managing Director, direct reports of the Managing Director, other persons whose activity may, in the Corporate Governance Committee's opinion, affect the financial soundness of Australian Central Credit Union Ltd trading as People's Choice Credit Union ("People's Choice") and any other person specified by APRA; and making annual recommendations to the Board on the remuneration of the categories of persons covered by the Remuneration Policy. The Corporate Governance Committee operates in accordance with its terms of reference which outline the Committee's roles, responsibilities and terms of operation.

The Corporate Governance Committee meets at least three times a year and as required.

The independent non-executive members of the Corporate Governance Committee and their attendance at meetings during the year is listed below:

Director	No. of Meetings Held	No. of Meetings Attended
W.R. Cossey (Chair)	7	7
J.L. Cossons	7	7
K.A. Skipper ⁽¹⁾	7	5

⁽¹⁾ Director Skipper did not participate in two Corporate Governance Committee meetings that were convened to discuss matters relating to the 2012 Director election as she was standing for re-election.

During the year, the Corporate Governance Committee engaged Mercer Consulting Australia, AON Hewitt, HayGroup, Financial Industry Review Group and internal Organisational Development Remuneration Specialists to review and provide advice on the variable remuneration structure for material risk takers. Any amendments to the structure are reported to the Corporate Governance Committee and updated in relevant remuneration schedules or policies.

People's Choice's Remuneration Policy approved by the Board in 2010 applies to all employees of People's Choice. The Corporate Governance Committee has reviewed the risks and remuneration structures and considers the following employees (as reviewed and approved in October 2012) material risk takers and Senior Managers in accordance with CPS 510:

Types of Employees	Number
Senior Managers	
Managing Director	1
General Manager	7
Senior Manager	17
Types of Employees	
Corporate Secretary	1
Manager Financial Compliance	1
Manager Treasury Balance Sheet	1
Manager Financial Operations	1
Internal Audit Manager	1
Manager Financial Analytics	1
Manager Credit Policy and Assessment	1
Material Risk Takers	
Financial Advisors	27
Home Loan Advisors	24

REMUNERATION DISCLOSURES (continued)

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The Remuneration Policy is considered an important component to recruit and retain those who have the necessary skills for the effective and prudent operation and are committed to making a long-term career with People's Choice. The Remuneration Policy is designed to ensure:

- The alignment of People's Choice interests with those of its employees, shareholders and stakeholders
- People's Choice long-term financial soundness; and
- The support of an effective risk management framework

As detailed in the Remuneration Policy, the structure of the remuneration arrangements comprise of the following components:

- Fixed component
- Variable component

Fixed component

Fixed remuneration consisted of salary, fees, any FBT charges related to employee benefits including motor vehicles, leave entitlements and employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Corporate Governance Committee through a process that considers individuals, business units, overall performance of People's Choice and the markets in which it operates. In accordance with the Remuneration Policy, Board approval for certain categories of remuneration may be required.

Variable component

Employees have opportunities to participate in various variable pay arrangements. Discretionary variable pay is dependent on the achievement of both financial and non-financial objectives as set out in the budget approved by the Board.

The variable pay element is differentiated by performance. Taking into account the expected value of awards, the performance related elements of pay make up a considerable proportion of the total remuneration package for senior staff, whilst maintaining an appropriate balance between fixed and variable elements.

Remuneration is structured to provide an opportunity for top quartile financial reward aligned to higher levels of performance.

Performance is then measured and reviewed on a regular basis against the objectives, which include financial and non-financial metrics.

Annual bonus (at risk performance based remuneration)

All executive staff are eligible to receive an annual bonus to reflect the extent to which annual objectives have been met and individual performance.

The annual bonus earned by an individual is dependent on the achievement of the strategic Key Performance Indicators and objectives of People's Choice; the individual's business unit; and individual's performance which is reviewed and rated annually.

The determination of bonus remuneration is based on various performance metrics i.e. financial and non-financial metrics. Financial metrics are based on profitability. Non-financial metrics include compliance with risk management frameworks, management of staff and adherence to corporate values, and the commercial requirement to remain competitive in the market. In determining the payout under any component of variable pay, People's Choice adopts, as policy, the use of set targets to determine the extent to which overall organisation performance has been achieved as well as individual performance. The Corporate Governance Committee retains discretion to recommend to the Board variations to the bonus payment to reflect the achievement of performance metrics.

REMUNERATION DISCLOSURES (continued)

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Risk and Compliance Staff

The performance and remuneration of risk and compliance staff is assessed according to objectives specific to the roles they undertake as well as linked to the overall organisation objectives, which are independent of the business units they oversee. Remuneration is reviewed and benchmarked against the market and internally to ensure that it is set at an appropriate level.

The determination of bonuses and the way they are cascaded down to each business unit are impacted by the achievement of key risk measures. Individual performance is reviewed against key risk measures to ensure that proposed individual remuneration is appropriate against these aspects.

During the year, the Corporate Governance Committee met seven times. Committee members are not paid further remuneration in addition to their remuneration as Non-Executive Directors. The remuneration paid to the Corporate Governance Committee members (as Directors) is as follows:

Remuneration (inclusive of Superannuation)	2013
Corporate Governance Committee (independent Non-Executive Directors)	\$307,505

The table below presents the number of employees who received variable remuneration, guaranteed bonuses, sign-on awards or severance payments during the financial year.

Variable remuneration, guaranteed bonuses, sign-on award and severance payment	2013	
	No. of Employees	Total
Variable remuneration	82	\$1,627,894
Guaranteed bonuses (N/A)	-	-
Sign-on award (N/A)	-	-
Severance payment	5	\$156,835
Total	87	\$1,784,729

The table below presents total value of remuneration awards for Senior Managers:

Total Value of Remuneration awards for the current financial year	Unrestricted	Deferred	Total
Fixed Remuneration			
Cash-based	\$6,322,626	-	\$6,322,626
Share and share-linked instruments (N/A)	-	-	-
Other – superannuation	\$488,533	-	\$488,533
	\$6,811,159	-	\$6,811,159
Variable remuneration			
Cash-based	\$696,155	-	\$696,155
Shares and share-linked instruments (N/A)	-	-	-
Other	-	-	-
	\$696,155	-	\$696,155
	\$7,507,314	-	\$7,507,314

* The above figures include the remuneration awards for Managing Director, General Managers, Senior Managers and other management roles.

REMUNERATION DISCLOSURES (continued)
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The table below presents total value of remuneration awards for material risk takers:

Total Value of remuneration awards for the current financial year	Unrestricted	Deferred	Total
Fixed Remuneration			
Cash-based	\$4,643,844	-	\$4,643,844
Share and share-linked instruments	-	-	-
Other – superannuation	\$418,821	-	\$418,821
	\$5,062,665	-	\$5,062,665
Variable remuneration			
Cash-based	\$1,088,574	-	\$1,088,574
Shares and share-linked instruments	-	-	-
Other	-	-	-
	\$1,088,574	-	\$1,088,574
	\$6,151,239	-	\$6,151,239

* The above figures include the remuneration awards for Home Loan Advisors and Financial Planners.