ASX release **14 July 2017**

Update to remuneration strategy and incentive plan

- From 1 July 2017, executives and senior management will primarily be incentivised with long term performance or indeterminate rights
- A loan facility to be provided to certain executives for the acquisition of Pioneer shares

Pioneer Credit Limited (ASX: PNC) ("Pioneer" or the "Company") is pleased to provide an update to shareholders on changes to its executive and senior management remuneration strategy. This update to the strategy is consistent with the goal of further strengthening management alignment through meaningful levels of equity ownership.

Background on incentive structures

For 10 consecutive years, Pioneer's disciplined approach has delivered consistent earnings growth. During this time Pioneer has also grown into an emerging ASX-listed financial services leader. The Company demonstrates its leadership through the comprehensive market disclosure it provides on the Company's operations, financials and strategy.

Over the past 12 months, the Pioneer Board and Remuneration Committee have been working towards optimally structuring the Company's remuneration incentives to ensure that executives and senior management are both appropriately rewarded and aligned to the Company's strategic goal of sustainable long-term earnings growth.

Due to the nature of Pioneer's business, as an acquirer of assets that typically liquidate over a period of up to 10 years, the Board recognises the importance of appropriately incentivising employees such that they are accountable for the most significant part of tenure of acquired assets. Pioneer's updated remuneration structure is designed to ensure that executives and senior management are focused on continuing to acquire appropriate assets at the optimal prices, rather than driving short term results.

Updated incentive structure

Structuring employee remuneration to better align with the life of the assets Pioneer acquires is consistent with Pioneer's differentiated approach and reflects the Board's commitment to maintaining an executive and senior management team that is focused on making decisions for the long-term health and growth of the Company.

To achieve this, the Board has determined that, effective 1 July 2017, the Company will not award Short Term Incentives ("**STIs**") to any part of the management group, with the exception of Pioneer's Operations team. No executive, senior manager or member of the Finance, Analytics, Compliance or People teams will be eligible to receive an STI.

The Operations team, led by Pioneer's Chief Operating Officer ("**COO**"), are still required to comply with the Company's leadership principles and strategic goals. This part of the Pioneer team is particularly focused on the effective liquidation of our customer portfolios on a daily basis and given this operational time frame it is appropriate that they are incentivised with STIs reflecting annual targets. These are set to support the achievement of strong returns across Pioneer's portfolio and business.

Executives and senior management (including the COO) will now be incentivised based on Long Term Incentives ("**LTIs**") through the issue of performance and indeterminate rights ("**Rights**") in the Company. These Rights will vest on service conditions only, over a period of 3 to 5 years. This structure ensures that executives and senior management are incentivised to continue delivering sustainable long-term earnings of the business.

The Company will issue 1,670,000 Rights[1] across 14 executives and senior managers over the course of FY18. These Rights vest in accordance with the schedule below:

- 1 July 2020: **22%**
- 1 July 2021: **43%**
- 1 July 2022: **35%**

Within this group, four members (all in the Operations team) will also be eligible to earn STIs each year while other executives and senior management, including the Managing Director, will not.

The Rights are being issued under the Pioneer Credit Limited Equity Incentive Plan as approved by shareholders. It is the Company's intention to acquire the shares required for these Rights on market, resulting in no dilution to shareholders.

Executive salaries

The Pioneer Board recognises that satisfying appropriate remuneration expectations is important to attract and retain quality executives and senior management.

The base salaries of the Company's executive key management personnel ("**KMP**") have been increased for FY18 in line with the goals of the Board as explained in the remuneration reports in the Company's FY15 and FY16 Annual Reports. The key objective is to bring KMP up to the median benchmark per the independent report prepared for the Board by Kelsen HR[2]. No executive is paid at, or beyond, the median benchmark set in 2014.

Effective 1 July 2017, the annual remuneration for Pioneer's KMP is:

	Remuneration[3] (inc. superannuation)	**STIs**	**Total**	***Kelsen HR[4]***
Keith John Managing Director	610,050	-	**610,050**	***771,643***
Leslie Crockett Chief Financial Officer	400,000	-	**400,000**	***458,417***
Lisa Stedman Chief Operating Officer	350,000	120,000	**470,000**	***484,864***
Tony Bird Chief Risk Officer	333,000	-	**333,000**	***not reviewed***
Sue Symmons Company Secretary/ General Counsel	256,200	-	**256,200**	***not reviewed***

[1] 1,170,000 Rights are performance rights to be issued under the terms of the Pioneer Credit Limited Equity Incentive Plan as approved by shareholders. 500,000 Rights are Indeterminate Rights, awarded to the Managing Director under the terms of the Pioneer Credit Limited Equity Incentive Plan as approved by shareholders. The issue of the Indeterminate Rights are subject to shareholder approval at the 2017 Annual General Meeting of the Company.
[2] Kelsen HR median figure based on remuneration excluding LTIs
[3] Fixed component of remuneration inclusive of superannuation
[4] Kelsen HR, median benchmark based on 2014 report

Loan facility to KMP

Consistent with driving sustainable long-term earnings for the Company and ensuring shareholder alignment, the Board has approved a loan facility to KMP, excluding the Managing Director.

The facility is to fund the issue of 1,000,000 fully paid ordinary Pioneer shares (250,000 ordinary shares per borrower).

The key terms of the facility are:

- The price of each share to be issued is equal to the 5 day VWAP as at 1 July 2017
- The facility must be repaid and will accrue interest at normal commercial rates
- The shares issued under the facility are secured for the benefit of the Company, and cannot be traded without consent of the Board
- Any other Pioneer shares owned by the borrower are secured for the benefit of the Company, and cannot be traded without consent of the Board
- All dividends paid on any Pioneer shares owned by the borrower will be applied in full against the facility balance
- If the borrower is not employed by Pioneer, the facility balance is payable immediately

The Company is providing the facility and will issue new shares to satisfy this offer under the Pioneer Credit Limited Equity Incentive Plan as approved by Shareholders.

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