
Remuneration Disclosures - 2022

Governance, Culture, Remuneration and Accountability Committee

At Bank First, the Governance, Culture, Remuneration and Accountability (GCRA) Committee (a sub-committee of the Bank First Board) has responsibility for overseeing remuneration in accordance with Bank First's Remuneration Policy.

During the reporting period, the GCRA Committee met four (4) times.

The GCRA Committee comprised the Chair of the Board and three (3) other Directors. The members of the GCRA Committee during the year were:

- Mark Devadason (Chair, GCRA from April 2022) – Independent Non-Executive
- Bernadette Lloyd (Chair Board) – Independent Non-Executive
- Graeme Willis - Independent Non-Executive
- Judith Crowe - Independent Non-Executive

Simon Terry held the position of Chair, GCRA until April 2022 when he resigned from his position as Independent Non-Executive Director at Bank First (and accordingly Chair, GCRA).

Advice from external consultants

During the reporting period, the Chief People Officer engaged Mercer to advise Bank First on market remuneration movements and updated remuneration ranges for 51 positions.

Bank First's Remuneration Policy

Bank First's Remuneration Policy applies to any person appointed as an Executive Director, the Chief Executive Officer and other Accountable Persons and Responsible Persons (as defined in Bank First's Fit & Proper Policy and BEAR legislation). It excludes Non-Executive Directors and administrative direct reports of the CEO.

Under Bank First's Remuneration Policy, the GCRA is responsible for making recommendations to the Board of the individual remuneration of, at a minimum, any person(s) appointed as Executive Director, Chief Executive Officer (CEO) and their direct reports and Responsible Persons as defined in the Bank First's Fit & Proper Policy (excluding Non-Executive Directors and the External Auditor).

This requirement excludes administrative direct reports of executives.

The Remuneration Policy also articulates that the GCRA Committee will make recommendations to the Board about the remuneration of other persons who, in the Committee's view, may be able to affect the financial soundness of Bank First. The GCRA Committee are able to obtain advice from both internal and external sources to facilitate remuneration management.

Bank First maps its remuneration against external benchmarks, in particular using Mercer data on both the General Market Median and the Financial Services Market Median.

Bank First management reviewed the Remuneration Policy and identified a need to seek expert support to ensure the Remuneration Policy remains appropriate for the increased maturity of the organisation. Accordingly, Bank First has commissioned Mercer to conduct a review of its current classification practices. This review is expected to be completed by December 2022. This approach was discussed and approved by the GCRA in August 2022. This work was still in progress at the end of the reporting period and accordingly no material changes were made to the Remuneration Policy during the reporting period. Bank First anticipates continuing to mature its Remuneration Policy in 2023 with the endorsement of the GCRA.

Bank First's remuneration framework has been developed to provide a consistent structure to remunerate management and to assist Bank First in the attraction, retention and reward of skilled personnel, and more specifically the achievement of its Strategic Vision and business objectives.

Bank First's approach to remuneration will also facilitate the capacity to compete externally and attract talent to the organisation.

As Bank First's remuneration approach is focused on fixed remuneration, the remuneration of any risk and financial control personnel is not linked to the performance of any businesses that they oversee.

Material risk takers and senior managers

Bank First's Remuneration Policy outlines a number of Responsible Persons (as defined by Bank First's Fit & Proper Person Policy). The titles of all those considered 'Responsible Persons' during the reporting period are included in Table 1.

Bank First has not identified any 'material risk takers' (as defined by paragraph 22 of APS 330) for the reporting period.

Links between performance and remuneration

Bank First does not provide any short or long term incentives, equity or equity linked forms of remuneration for any current employees.

Bank First's remuneration framework is based on a fixed remuneration structure.

During the reporting period, Bank First identified an overall percentage increase for employee remuneration. The majority of employees received this increase, except for employees on a performance improvement plan. Roles that were identified as at risk of turnover were also assessed against market value (using data provided by Mercer) and adjusted accordingly.

Current and future risks taken into account in remuneration processes

During the reporting period, the key risks Bank First considered when implementing remuneration measures were:

- increase in turnover, particularly impacted by a highly mobile labour market as the impacts of lockdowns in Victoria lessened,
- ensuring stability and core capability, particularly in BEAR accountable roles,
- identifying future capability needs as Bank First improves its digital infrastructure and contemporary service offering, and
- increases in market salaries in 'hard to fill' roles.

Given Bank First does not provide variable or equity linked remuneration, conduct risk (as defined by CPS 511) and performance remuneration related risks are not key risks for Bank First.

The nature and type of key measures used to account for these risks were:

- identifying roles with gaps between market salaries and current salaries and making immediate and 'out of cycle' adjustments to ensure retention,
- securing temporary resources to support BEAR accountable holders during periods of executive recruitment,
- attraction and recruitment of digital, consulting and change management capability to mitigate future capability risks, and
- commissioned Mercer to undertake a review of the Bank's classification structures.

These measures have affected the way in which Bank First continuously ensures that the remuneration it offers remains competitive with market rates to ensure the Bank can attract and retain necessary capability. During the reporting period, Bank First's approach to reviewing remuneration has evolved to become increasingly proactive in order to increase the likelihood of retaining talent before they start considering other external opportunities.

Quantitative Information

Number and Make-up of Responsible Persons during the Reporting Period

Table 1: Responsible Persons during the Reporting Period	
Responsible Persons at 30 June 2022	Number
Chief Executive Officer	1
Chiefs of Departments	8
Company Secretary	1
Head of Treasury	1
Head of Lending Operations	1
Head of Compliance & Legal	1

Variable Remuneration – Responsible Persons

Table 2: Variable Remuneration		
Type of Variable Remuneration	Amount (\$) 2021	Amount (\$) 2022
Non Discretionary Bonus	0	0
Guaranteed Bonuses	0	0
Sign-on award	0	0
Termination Payments ¹	0	\$112,958.80
Total	0	\$112,958.800

Total value of remuneration awards for Responsible Persons

Table 3: Remuneration – Responsible Persons (2021)			
Remuneration Type	Unrestricted (\$)	Deferred (\$)	Total (\$)
Fixed Remuneration			
Package (TRP)	3,510,080	0	3,510,080
Shares & share-linked instruments	0	0	0
Other	0	0	0
Total	3,510,080	0	3,510,080
Variable Remuneration	0	0	0
Bonus – cash	0	0	0
Shares & share-linked instruments	0	0	0
Other	0	0	0
Total	0	0	0

Table 3: Remuneration – Responsible Persons (2022)			
Remuneration Type	Unrestricted (\$)	Deferred (\$)	Total (\$)
Fixed Remuneration			
Package (TRP)	4,176,650	0	4,176,650
Shares & share-linked instruments	0	0	0
Other	0	0	0
Total	4,176,650	0	4,176,650
Variable Remuneration	0	0	0
Bonus – cash	0	0	0
Shares & share-linked instruments	0	0	0
Other	0	0	0
Total	0	0	0

¹ Excluding the payment of accrued annual leave, long service leave and other leave entitlements as required by the Fair Work Act

Deferred Remuneration

Bank First has deferred remuneration for 1 previous Responsible Person. The deferred remuneration will be made over a 4 year period. No deferred remuneration was paid out during the reporting period.

This deferral is conducted in accordance with the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018.

The total deferred variable remuneration outstanding as at 30 June 2022 is \$127,504. There were no reductions during the financial year.