

Bank First Remuneration Disclosure 2024

Remuneration Governance

At Bank First, the Board is ultimately responsible for the remuneration framework and its effective application. 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 and makes recommendations to the Board. At least once a year, the Risk Committee, via the Chief Risk Officer, will provide input to the GCRA to ensure that risk outcomes are accurately reflected in performance ratings and outcomes.



During the reporting period,

- the Board met twelve [12] times,
- 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) – Independent Non-Executive
- Bernadette Lloyd (Chair Board) – Independent Non-Executive
- Graeme Willis – (Chair BRC) Independent Non-Executive
- Judith Crowe - Independent Non-Executive

Advice from external consultants

During the reporting period, the Chief People Officer engaged Mercer and the Financial Institutions Remuneration Group [FIRG] to advise Bank First on its Remuneration framework and market remuneration movements.

Remuneration framework

The remuneration framework at Bank First is the totality of systems, structures, policies, processes, and people that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of risks relating to remuneration. The key governing documents, as approved by the Board are the:

- Reward policy,
- Code of Conduct,
- Regulated Persons Policy.

Along with the:

- Disciplinary standard and procedure, that is approved by the Executive Management Team.

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 People Strategy to 'be the best YOU'.

Bank First's remuneration approach is focused on fixed remuneration and dismantles a pay entitlement structure. Bank First is able to compete externally and attract talent to the organisation, by positioning fixed remuneration competitively against market peers. By not offering variable or equity linked remuneration, remuneration-related conduct risk (as defined by CPS 511) and performance remuneration related risks are reduced. The remuneration of any risk and financial control personnel is not linked to the performance of any businesses that they oversee.

Linking risk, performance, and remuneration

Bank First operates a fixed remuneration only structure. Bank First promotes effective management of financial and non-financial risks, sustainable performance, and long-term soundness through a combination of its performance management framework, consequence management framework and People Strategy.

The People Strategy focuses on the total employee value proposition comprising "**BOLD**" elements" – **B**enefits & Reward, **O**pportunity & Career, **L**ife & Wellbeing and **D**iversity & Culture. Embedding good risk-taking behaviour into the fundamental culture and values of the organisation through the application of primarily non-financial consequences (both good and bad), ensures that risks are being considered for the right reasons, and are not money driven.

In the event of a breach, Bank First will categorise the breach based on accountability and impact to the business, including risk management outcomes. For Specified Roles, the

Governance, Culture, Remuneration and Accountability (GCRA) Committee will determine outcomes for Board approval. The relevant consequence, may include:

- a conversation with the employee,
- an apology from the employee,
- a requirement to engage in specific training, counselling, or coaching,
- a performance improvement plan [PIP]
- a poor performance rating,
- a verbal or written warning,
- no remuneration uplift during remuneration review,
- change of employment duties,
- denial or removal of personal privileges or benefits,
- termination of employment.

Specified Roles

Bank First's Regulated Person's Policy outlines the positions that are considered specified roles. These are:

Senior managers: [CEO and direct reports to the CEO] as all other specified roles (being material-risk takers and risk and financial control personnel) operate within tight decision-making frameworks that require Executive Management level sign off to make changes.

Deferred Remuneration

Bank First has one legacy deferred variable remuneration arrangement on foot for an ex-employee who held a specified role and departed on 30 October 2020. The deferred variable remuneration is over a four-year period so that the Board can consider longer-term performance including risk performance.

Accordingly, in October 2023 the Board duly considered the 2018/19 deferred incentive, being \$62,101 and determined to pay it. The total deferred variable remuneration outstanding as at 30 June 2024 is \$65,403. Following consideration of this last tranche for the 2019/20 year in 2024 the arrangement will conclude.