

Information on remuneration (financial year 2019)

Policy on remuneration and benefits

The bank's remuneration system follows the Swedish Financial Supervisory Authority's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management (FFFS 2011:1, defined as the "Regulation" in this document).

The Board of Directors of Ikano Bank AB (publ) has adopted a policy on remuneration and benefits. The policy is updated and approved by the Board of Directors at least once a year. The policy includes the fundamental principles applied by the bank regarding fixed and variable remuneration. The policy states, among other things, that variable remuneration for identified staff shall never exceed 100 per cent of the employee's fixed annual salary. However, the bank's current model for variable remuneration has a maximum bonus potential of five months' salary. Within the Board of Directors, there is a remuneration committee consisting of at least two Board members. The committee, which meets at least four times per year, prepares board decisions regarding remuneration issues and makes an independent assessment of the remuneration system and policy for remuneration and benefits. During 2019, the remuneration committee held seven meetings. At least once a year, the bank analyses the risks associated with its remuneration policy and remuneration structure and also details identified staff according to the categories listed in the Regulation. 369 of the Bank's 1.067 employees (average number 2019) have been identified as specially regulated personnel for 2019.

Main reasons and parameters for variable remuneration

Ikano Bank AB (publ) has little variable remuneration. It is considered that the criteria existing in order for variable remuneration to be paid, will not contribute to encouraging unsound risk-taking in the operations. The criteria below apply for fixed and variable remuneration, respectively.

Fixed remuneration

The banks fixed remuneration shall reflect relevant professional experience, organizational responsibility (i.e., the degree of difficulty of working tasks) and the local market within and outside the bank. The fixed remuneration is assessed on an annual basis and shall reflect the remuneration levels for employees on the position in question. Paying salaries in line with the market is important in order to be able to hire and keep competent personnel.

Variable remuneration

The reasons for the bank to have variable remuneration are to stimulate personnel to perform better, to stay within the bank and to develop their respective area of responsibility. Ikano Bank AB (publ) applied (2019) just one model for variable remuneration; Ikano Bank AB (publ) Performance Incentive Plan for the bank's executive management and country managers ("PIP"). In addition, in 2019 there were also remaining deferred payments under the former Ikano Bank AB (publ) Short Term Incentive Plan ("STIP") and the Ikano Bank AB (publ) Long Term Incentive Plan ("LTIP") resulting from the years 2015 - 2018. All variable remuneration was disbursed as salary/in cash.

The bank's executive management (except the Chief Risk Officer and the Chief Compliance Officer) and country managers participate in the PIP. As a general rule risk and compliance functions are excluded from any variable remuneration schemes. The criteria for variable remuneration are linked to the bank and the branches (if relevant) as well as to the individuals' performance. The bank's judgment of result used for calculating variable remuneration, is based on risk adjusted profit measures. When making this judgment, both present and future risks are taken into consideration, as are the actual costs for the capital and cash flow needed by the operations. Any remuneration is paid in four installments during a period of three and a half years from the award point of earning. Deferred remuneration (at least 60 percent) is paid pro rata once a year starting at least one year after earning.

The bank does not pay any variable remuneration unless it at each time of payment is defensible as seen from the bank's financial situation and motivated by the result of the bank, the business unit in question and the employee. Additionally, the bank is securing the possibility to retain variable remuneration disbursements. In 2019 no variable remuneration disbursement was retained. Every payment is prepared by the remuneration committee and decided upon by the Board of Directors. At full dividend, the incentive program can give the executive management a maximum of five months' salaries each (for each earning year). For country managers, the corresponding bonus cap is three months' salary.

Expensed remuneration (kSEK)

Expensed total amounts for remuneration per business area (country)

These total amounts include all remuneration (paid, earned and/or pledged), social security contributions, special tax on pensions or corresponding fees/taxes. They also include collective personnel costs. More information about the total amounts can be found in the bank's annual report for the financial year 2019.

SEK '000	2019
Sweden	400 752
Denmark	65 739
Norway	42 487
Finland	16 546
UK	107 222
Germany	99 430
Poland	24 110
Total	756 286

Fixed and variable remuneration

The amounts below (fixed and variable remuneration) represent total remuneration paid during 2019 in all countries, and do not include social security contributions, special tax on pensions or corresponding fees/taxes. Nor do they include collective personnel costs.

Fixed remuneration is all remuneration, including salaries and other benefits, that is not variable remuneration. *Variable remuneration* is such remuneration that is covered by the definition of variable remuneration in the Regulation. As far as the bank is concerned, the definition includes the above-mentioned bonus schemes.

No adjustment has been made of the variable remuneration that was paid during 2019.

2019	kSEK	Fixed remuneration	Number of people that have received fixed remuneration	Variable remuneration	Number of people that have received variable remuneration
Executive management		12 850	9	0	0
Other especially regulated personnel		283 611	360	100	2
Other personnel		255 791	970	729	8
Total		552 252	1 339	829	10

Deferred variable remuneration

The amounts below refer to deferred variable remuneration from schemes that is accrued for from 2016 – 2019 (the bank does not have any deferred bonus that is not accrued).

Deferred variable remuneration

SEK 000	2019
Executive management	0
Other especially regulated personnel	2 122
Other personnel	0
Total	2 122

Pledged and paid remuneration

The amounts below include fixed and variable remuneration paid in 2019, as well as such remuneration that was earned and/or pledged during 2019 (that is deferred variable remuneration and pledged severance payment).

Pledged and paid remuneration

SEK 000	2019
Executive management	12 850
Other especially regulated personnel	285 832
Other personnel	256 520
Total	555 203

No employee has received 1 million EUR or more (in total) during 2019.

Severance payment

The table regarding severance payments below does not include disbursed salaries during notice of termination when the employee has been excused from work duties or promised extended notice of termination.

In 2019 the bank has dissolved its commercial excellence team. Hence the employees of that team have been redeployed or entered into termination agreements, which has led to increased severance payments in 2019.

Severance payment					
2019	kSEK	Paid	Number of people paid	Pledged	Number of people pledged
Executive management		0	-	-	-
Other especially regulated personnel		855	2	0	0
Other personnel		6 007	15	0	0
Total		6 862	17	0	0

As shown in the table above (Severance payment) 17 coworkers have been entitled to severance payments during 2019. The highest individual severance payment disbursed during 2019 amounted to 1.683 kSEK.

No so-called sign-on bonus has been approved or disbursed.

Guaranteed variable remuneration

No guaranteed variable remuneration has been disbursed in 2019. As a general rule the bank does not offer guaranteed variable remuneration.
