

Information on remuneration (financial year 2020)

Policy on compensation and benefits

Ikano Bank AB's (publ) (herein referred to as the "Bank") 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 Bank's Board of Directors has adopted a policy on compensation and benefits (the "Policy"). The Policy is reviewed, 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. The Bank's current model for variable remuneration has a maximum bonus potential of five months' salary for executive management and three months' salary for country managers. The Bank has a people and remuneration committee ("PRemCo"), consisting of at least two Board members. PRemCo, which meets at least four times per year, is a board committee and prepares board decisions regarding people and remuneration matters, and makes an independent assessment of the remuneration system and the Policy. During 2020, PRemCo held seven meetings. At least once a year, the Bank analyses the risks associated with its remuneration structure and also details identified staff according to the categories listed in the Regulation. 356 of the Bank's 1.068 employees (average number 2020) have been identified as specially regulated personnel for 2020.

Main reasons and parameters for variable remuneration

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

Fixed remuneration

The Bank's 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 certain personnel to perform better, to stay within the Bank and to develop their respective area of responsibility. In 2020 the Bank applied just one model for variable remuneration; the Performance Incentive Plan for the Bank's executive management and country managers (the "PIP"). 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. Following Regulation 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) result 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. No variable remuneration disbursement from previous variable remuneration schemes has been retained in 2020. Every payment is prepared by PRemCo and decided upon by the Board of Directors. The incentive program can give as a maximum five months' salaries (for each earning year) to executive management. 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 for all employees. 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 2020.

SEK '000	2020
Sweden	404 409
Denmark	82 030
Norway	41 564
Finland	15 444
UK	92 142
Germany	99 794
Poland	22 571
Total	757 954

Fixed and variable remuneration

The amounts below (fixed and variable remuneration) represent the total remuneration paid during 2020 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 cash 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 in form of retainment has been made to the variable remuneration that was paid during 2020.

2020	kSEK	Number of people that have received	
		Fixed remuneration	Variable remuneration
Executive management	16 776	11	-
Other especially regulated personnel	272 680	344	549
Other personnel	234 201	883	-
Total	523 657	1 238	549

Deferred variable remuneration

The amounts below refer to deferred variable remuneration from schemes that is accrued for from 2017 – 2020 (the Bank does not have any deferred bonus that is not accrued) and paid-out in future years.

Deferred variable remuneration

SEK 000	2020
Executive management	-
Other especially regulated personnel	823
Other personnel	-
Total	823

Pledged and paid remuneration

The amounts below include fixed and variable remuneration paid in 2020, as well as such remuneration that was earned and/or pledged during 2020 (that is deferred variable remuneration and pledged severance payment).

Pledged and paid remuneration

SEK 000	2020
Executive management	16 776
Other especially regulated personnel	273 228
Other personnel	234 201
Total	524 206

No employee has received 1 million EUR or more (in total) during 2020.

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 2020 the Bank has executed an organizational restructuring in Germany and additionally has reduced employee headcount in selected functions to decrease its total cost base to mitigate financial impacts resulting from the pandemic crisis.

Severance payment					
2020	kSEK	Paid	Number of people paid	Pledged	Number of people pledged
Executive management		-	-	-	-
Other especially regulated personnel		407	5	785	1
Other personnel		2 084	17	-	-
Total		2 492	22	785	1

As shown in the table above (Severance payment) 22 coworkers have been entitled to severance payments during 2020. The highest individual severance payment disbursed during 2020 amounted to 274 kSEK.

Guaranteed variable remuneration

No guaranteed variable remuneration has been disbursed in 2020. As a general rule the Bank does not offer guaranteed variable remuneration.
