

# Information about remuneration to employees at Ikano Bank in accordance with the Swedish Financial Supervisory Authority's regulations (financial year 2015)

## Policy on remuneration and benefits

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), came into force on 1 March 2011 and was amended in 2014 (FFFS 2014:22). Both regulations are together 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. Within the Board of Directors, there is a remuneration committee consisting of at least two Board members. The committee prepares board decisions regarding remuneration issues and makes an independent assessment of the remuneration system and policy for remuneration and benefits. During 2015, the remuneration committee held eight meetings.

At least once a year, the bank analyses which risk its operations are exposed to and also details identified staff according to the categories listed in the Regulation. 192 of the Bank's 821 employees (average number 2015) have been identified as especially regulated personnel.

## 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 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 business areas. Ikano Bank AB (publ) applied (2015) three types of variable remuneration models: 1) the Ikano group bonus scheme for senior managers; 2) a bonus scheme for members of the executive management and country managers not covered by 1; and 3) commission for sales staff. All variable remuneration was disbursed as salary/in cash.

Several of the managers of the bank's executive management participate in a bonus scheme that applies for key personnel in the entire Ikano group. The criteria for variable remuneration are linked to the result for the group, the bank and the business area (if relevant) and for the individual. Ikano S.A.'s (the group parent) and 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 rates during a period of three and a half years from the starting point of earning. Deferred remuneration (80 percent) is paid pro rata once a year starting one and a half years 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. 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).

Members of the executive management and country managers not covered by the Ikano group bonus scheme are (as from 2014) covered by another bonus scheme based on financial results (business area finance, bank and business unit (if relevant)) and individual targets. This model is very similar to the group's bonus scheme and includes the same principles for targets, risk adjustment and deferral. The outcome of this bonus scheme shall however never exceed the equivalence of three months' salary.

In 2015, the bank also applied five different (regional) commission programs for salesmen. The commission based salaries are linked to team- and individual sales. As from 2016, there will be just two commission programs left (for IKEA sales staff in Poland and Germany).

## 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 2015.

SEK '000	2015
Sweden	353 429
Denmark	110 986
Norway	50 251
Finland	7 400
Netherlands	1 360
UK	110 489
Germany	96 483
Poland	14 063
<b>Total</b>	<b>744 461</b>

### Fixed and variable remuneration

The amounts below (fixed and variable remuneration) represent total remuneration expensed during 2015 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, pensions and other benefits, that is not variable remuneration. *Variable remuneration* is such remuneration that is covered by the definition of variable remuneration in FFFS 2011:1. As far as the bank is concerned, the definition includes bonus schemes and incentive programs as well as commission programs for the bank's salesmen.

No adjustment has been made of the variable remuneration that was paid during 2015.

2015	SEK '000	Fixed remuneration	Number of people that have received fixed remuneration	Variable remuneration	Number of people that have received variable remuneration
Executive management		24 197	13	5 170	11
Other especially regulated personnel		141 985	179	5 187	16
Other personnel		390 566	979	2 964	92
<b>Total</b>		<b>556 748</b>	<b>1 171</b>	<b>13 321</b>	<b>119</b>

## Deferred variable remuneration

For the bonus schemes that regard key personnel, 80 percent of the outcome has been deferred for payment in three parts (pro rata) during a three year period (20-40-20). For the former incentive program that applied to the management group in the UK branch until 2014, 45 percent of the outcome was deferred for payment in three parts (15-15-15). The amounts below refer to deferred bonus that is accrued (the bank does not have any deferred bonus that is not accrued).

### Deferred variable remuneration

SEK 000	2015
Executive management	9 601
Other especially regulated personnel	873
Other personnel	-
<b>Total</b>	<b>10 474</b>

## Pledged and paid remuneration

The amounts below include fixed and variable remuneration paid in 2015, as well as such remuneration that was earned and/or pledged during 2015.

### Pledged and paid remuneration

SEK 000	2015
Executive management	23 495
Other especially regulated personnel	145 799
Other personnel	390 177
<b>Total</b>	<b>559 472</b>

No employee has received 1 million EUR or more (in total) during 2015.

## Severance payment

The severance payments below do not include salaries during notice of termination during which the employee has been excused from work duties. Nor does pledged severance payment include extended notice of termination for employees in the executive management (12-24 months). For more information about notice of termination for the executive management, see the bank's annual report for the financial year 2015.

### Severance payment

2015	SEK 000	Paid	Number of people paid	Pledged	Number of people pledged
Executive management		-	-	3 558	1
Other especially regulated personnel		3 330	1	-	-
Other personnel		-	-	11 263	44
<b>Total</b>		<b>3 330</b>	<b>1</b>	<b>14 822</b>	<b>45</b>

11 contractual rights to severance payments have been approved during 2015. The highest individual severance payment disbursed during 2015 amounted to m 3.3 SEK.

## Guaranteed variable remuneration

1 employee has received guaranteed commission in connection to recruitment/their first period of employment amounting to k 30 SEK (disbursed in 2015). No other guaranteed variable remuneration has been disbursed in 2015.

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