

Information on remuneration (financial year 2022)

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 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 2022, 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. 23 of the Bank's 1.061 employees (on 31.12.2022) have been identified as specially regulated personnel for 2022.

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 2022 the Bank applied two models for variable remuneration:

1. a performance incentive plan ("STIP"). The Bank's executive management (except the Chief Risk Officer and the Chief Compliance Officer) and commercial & branch managers participate in the STIP. Pursuant to regulation, Risk and Compliance functions are excluded from this plan to avoid conflict of interests. The criteria for performance incentive plans are linked to the Bank's and the branches' (if relevant) results as well as to the individuals' performance.
2. a transformation and retention plan ("LTIP"). Selected key individuals are participating in a LTIP, with the aim to support an overall long-term focus towards a multi-year roadmap for transforming the bank's governance, business and operation setup as well as to improve business results. The criteria for the transformation and retention plan are linked to Ikano Bank strategy and the transformation roadmap.

All variable remuneration was disbursed in cash. The Bank's judgment of result used for calculating variable remuneration, is based on risk adjusted 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. For schemes until 2022, 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. For schemes starting 2022 and later, variable remuneration is paid in one installment the following year after the end of the run-time of the scheme.

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 2022. Every payment is prepared by PRemCo and decided upon by the Board of Directors. The combination of the incentive programs can give as a maximum nine months' salaries (for each earning year) to participants. All variable remuneration plans are compliant to the FFFS 2011:1 regulation and its amendments.

Expensed remuneration (kSEK)

Expensed total amounts for remuneration per 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 2022.

SEK '000	2022
Sweden	470 157
Denmark	69 610
Norway	47 650
Finland	19 257
UK	92 389
Germany	127 481
Poland	29 514
Total	856 058

Fixed and variable remuneration

The amounts below (fixed and variable remuneration) represent the total remuneration paid during 2022 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 such as non-monetary benefits.

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. This definition includes both schemes.

No adjustment in form of retainment has been made to the variable remuneration that was paid during 2022.

2022	SEK '000	Fixed remuneration	Number of people that have received fixed remuneration	Variable remuneration	Number of people that have received variable remuneration
Executive management		24 479	11	-	-
Other especially regulated personnel		17 987	12	236	4
Other personnel		560 034	1 240	40	1
Total		602 500	1 263	275	5

Deferred variable remuneration

The amounts below refer to deferred variable remuneration from schemes that is accrued for from 2019 – 2022 (the Bank does not have any deferred bonus that is not accrued) and paid-out in future years.

Deferred variable remuneration

SEK '000	2022
Executive management	15 049
Other especially regulated personnel	4 393
Other personnel	2 906
Total	22 348

Pledged and paid remuneration

The amounts below include fixed and variable remuneration paid in 2022, as well as such remuneration that was earned and/or pledged during 2022 (that is deferred variable remuneration and pledged severance payment).

Pledged and paid remuneration

SEK '000	2022
Executive management	39 528
Other especially regulated personnel	22 380
Other personnel	562 939
Total	624 848

No employee has received 1 million EUR or more (in total) during 2022.

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.

Severance payment					
2022	SEK '000	Paid	Number of people paid	Pledged	Number of people pledged
Executive management		-	-	-	-
Other especially regulated personnel		-	-	-	-
Other personnel		2 794	5	-	-
Total		2 794	5	-	-

As shown in the table above (Severance payment), 5 co-workers have been entitled to severance payments during 2022. The highest individual severance payment disbursed during 2022 amounted to 969 kSEK.

Guaranteed variable remuneration

No guaranteed variable remuneration has been disbursed in 2022. As a general rule, the Bank does not offer guaranteed variable remuneration.
