



# Nordax Bank

*This is an unofficial translation of the corresponding Swedish document. In the event of any discrepancies between this document and the Swedish version, the latter shall prevail.*

## Item 15

### **The Board of Directors' proposal regarding guidelines for remuneration and other terms of employment for the Chief Executive Officer and the Management Team**

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The Board of Directors of Nordax Group AB (publ) proposes that the following guidelines for remuneration and other terms of employment for the Chief Executive Officer ("CEO") and the Management Team be adopted by the Annual General Meeting. These guidelines will apply to the CEO and the members of Nordax's Executive Management Team and Business Management Team (jointly the "Management Team"). The Management Team, including the CEO, currently consists of 17 individuals.

This proposal has been prepared by the Board and the Remuneration Committee of the Board. The Remuneration Committee consists of Andrew Rich (Chairman), Synnöve Trygg and Arne Bernroth.

#### **Remuneration philosophy**

Nordax aims to attract and retain committed and competent staff members, who contribute to Nordax's long-term success.

The total remuneration level of staff shall reflect the complexity, the level of responsibility and the competence required for every position as well as the individual employee's performance. Remunerations shall be long-term, well-balanced and competitive in comparison to similar companies within similar industries in relevant geographical areas. The remuneration of staff shall further encourage high performance, sound behavior and risk-taking in alignment with Nordax's values, long-term interests and the risk appetite adopted by the Board of Directors.

The remuneration of the Management Team is decided by the Board of Directors in accordance with Nordax Remuneration Policy which is based on Swedish and international regulations and guidelines regarding remuneration structures, the Swedish Banking and Financing Business Act and the Swedish Companies Act. The Remuneration Policy adheres to these proposed guidelines for remuneration.

#### **Remuneration guidelines 2016**

The Management Team shall be remunerated through fixed and variable remuneration. There shall be an appropriate balance between the fixed and variable remuneration.

#### *Fixed remuneration*

Fixed remuneration consists of base salary and pensions. Fixed remuneration shall be market oriented, competitive and sufficiently high to ensure that the reduction of any variable remuneration down to zero is possible. The criteria for determining monthly salary shall include, *inter alia*, professional experience, current market conditions, the degree of complexity, responsibility and authority with regards to the position, as well as individual performance. Nordax shall provide the Management Team with non-performance based pension benefits corresponding to the occupational pension plan (ITP).



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## *Variable remuneration*

Variable remuneration to the Management Team shall be offered through Nordax's long-term cash and equity based incentive plan, Management Incentive Plan 2016 ("MIP 2016").

The individual variable remuneration awarded under the MIP 2016 shall be based on pre-determined and documented performance criteria (ex ante risk adjustment). Such criteria shall align the variable remuneration of each member of the Management Team to (i) individual performance, (ii) the result of the relevant business unit and (iii) the overall business result of Nordax. In assessing individual performance, both financial and non-financial criteria shall be used. The performance criteria shall further be designed to consider the overall business performance of Nordax, and the interests of shareholders, depositors, investors and other stakeholders. The performance criteria determining the outcome of MIP 2016 shall be set annually.

The MIP shall comprise the following award components: 40% of the award is paid out in cash the same year as the resolution to [grant/offer] the remuneration has been adopted. 60% of the award is deferred into restricted stock units that are restricted for 3 years or, with respect to the CEO, 5 years (the qualifying period). Deferral shall take place every year upon cash payment of variable remuneration. The restricted stock units vest subject to continued service after the qualifying period. After the qualifying period the restricted stock units are converted (without consideration) into shares. One (1) restricted share unit shall entitle to one (1) share. If employment terminates before vesting, all deferred restricted stock units will as a main rule lapse at the date on which the member of the Management Team ceases to be staff member.

Before payment of the cash component of the variable remuneration, and before conversion of restricted share units into shares after the qualifying period, the Board of Directors or if it so decides the Remuneration Committee and/or the Risk Committee, shall perform an assessment of the necessity of reducing the awarded cash remuneration, or reducing the number of shares awarded, or by cancelling the variable remuneration in full (ex post risk adjustment).

The variable remuneration component shall not exceed 100% of the fixed component of the total remuneration for any staff member of Nordax.

The estimated cost for variable remuneration under the MIP 2016 is outlined in the Board of Directors' proposal regarding Management Incentive Plan for 2016 (item 16).

## **Miscellaneous**

In case of early termination of an employment contract, the Chairman of the Board of Directors and the CEO can jointly decide to offer severance pay. Severance payments shall provide for an appropriate compensation and shall not reward failure or misconduct. Termination of an employment may entitle to a severance payment of up to 12 months base salary with a limit of SEK 1 million. Any amounts in excess of that shall be decided by the Board of Directors and prepared by the Remuneration Committee. Severance pay shall not be awarded where there is an obvious failure which allows for the immediate cancellation of the contract or the dismissal of the member of the Management Team.

If unusual or special reasons are at hand in an individual case, the Board of Directors reserves the possibility to deviate from these guidelines.



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The Board of Directors in April 2016  
*Nordax Group AB (publ)*