

Guidelines for remuneration to senior executives

These guidelines comprise the CEO, Deputy CEO, other members of the senior management as well as, where applicable, remuneration to board members for work outside their board duties. The guidelines shall be applied on remuneration which has been agreed upon, and changes made to already agreed remunerations, after the guidelines has been adopted. The guidelines do not compromise remuneration which has been agreed upon by the Annual General Meeting.

Guidelines for promoting the banks business strategy, long-term interests and sustainability

TF Bank was founded 1987 and is an internet-based niche bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. Deposit and lending activities are conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany and Austria through branch or cross-border banking. From 2020 the operations are divided into three segments: Consumer Lending, Ecommerce Solutions and Credit Cards.

A successful implementation of the banks business strategy and the safeguarding of the bank's long-term interests, including its sustainability, requires the bank to be able to recruit and retain qualified members of staff. This means that the bank must be able to offer a competitive remuneration package. The guidelines enable the bank to offer a competitive remuneration package to its executive management.

The Board of Directors has for the Annual General Meeting proposed the implementation of a long-term share program in which all members of the senior management and some other employees of the company may participate in. The intended share program will be resolved upon by the Annual General Meeting and is therefore not covered by these guidelines. The program is linked to the share price of the company. The program also requires participants to make a personal investment. Further information about the program can be found on the Company's website.

Variable cash remuneration which are compromised by these guidelines should aim to promote the Company's business strategy and long-term interests, including its sustainability.

The forms of remuneration etc.

The remuneration shall be competitive and may comprise the following components: fixed cash salary, variable cash remuneration, pensions and other benefits. In addition, the Annual General Meeting may decide upon, for example, share- and share price-related remuneration.

Every senior executive shall receive a base salary, i.e. fixed monthly salary. The base salary shall reflect the executive's responsibilities and the nature of the position, individual performance and on set on market-terms. The fixed cash salary shall account for a sufficiently large part of the employee's total remuneration for it to be possible to set the variable parts to zero.

The fulfillment of criteria for variable cash remuneration must be measurable over a period of one or several years. Furthermore, the current rules for remuneration applicable to banks must be complied with.

Pension benefits, including health insurance, shall be premium determined, insofar as the executive is not covered by a collective bargaining agreement and/or premium based benefit. Pension premiums for defined contribution schemes may amount to a maximum of 25 percent of pension-based income.

Other benefits, such as car benefit, may amount to a maximum of 20 percent of the pension-based income.

Regarding employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments are made to comply with such mandatory rules or fixed local practices, whereby the general purpose of these guidelines should be met as far as possible.

Termination of employment

In the event of termination of employment by the company, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not, in total, exceed an amount corresponding to the fixed cash salary for six to twelve months, and the agreement shall not apply for a longer period. In the event of termination by the executive, the notice period may not exceed six months, and there will be no right to receive severance pay.

Furthermore, compensation for any commitment to restrict competition may be received. Such remuneration shall compensate for any loss of income and shall only be paid if the former executive has no right to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination and shall be paid during the period during which the agreement regarding competition restrictions applies, which shall not exceed six to twelve months after termination of employment.

Agreements on severance pay and restrictions on competition may apply during the period for which compensation may be paid in accordance with the above.

Criteria's for payment variable cash remuneration

The variable cash remuneration shall be linked to pre-determined and measurable criteria's that may be financial or non-financial. The criteria's may also be individualized quantitative or qualitative goals. The criteria's must be designed to promote the banks business strategy and long-term interests, including its sustainability, for example by having a clear link to the business strategy or promoting the long-term development of the executive.

When the measurement period for fulfillment of the criteria for payment of variable remuneration has been completed, the extent to which the criteria's have been met shall be assessed and determined, respectively. The Board of Directors are responsible for such an assessment in respect of variable cash remuneration to senior executives. The fulfillment of financial criteria's must be determined based on the latest financial information published by the company.

Variable remuneration shall only be paid to the senior executive to the extent it is justifiable with regard to the company's financial situation and justified in accordance with the bank's, the business unit concerned and the employee's results. The variable remuneration must also be able to lapse completely.

Salary and terms of employment for the employees

In preparing the Boards proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been considered in that information about employees' total remuneration, the components of the remuneration and the increase and rate of remuneration over time have been part of the Boars decision when evaluating the reasonableness of the guidelines and the limitations that follow.

The decision-making process to establish, review and implement the guidelines

The Board of Directors shall establish proposals for new guidelines when there is a need for significant changes, at least every fourth year. The proposals shall be submitted for the resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The board shall also follow and evaluate programs for variable remuneration for the executives, the application of guidelines for remuneration senior executives, as well as current remuneration structures and remuneration levels in the company. The Remuneration Committee shall prepare the Board's work as described above. The CEO and other members of the executive management are not present at the Board of Directors' and the Remuneration Committee's preparation of, consideration of and decisions on remuneration-related matters, insofar as they are affected by the issues.

Deviations from the guidelines

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or part, of there are special reasons motivation such action in an individual case and deviation is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Changes in the guidelines

Compared with the previous guidelines, the following significant changes have been made: (i) the reference to certain provisions in The Swedish Supervisory Authority's regulations FFFS 2011:1 (regarding deferral of payment of variable remuneration and payment of variable remuneration in the form of shares/share-related instruments) has been excluded since these provisions are no longer applicable to the Company due to the amendments implemented in FFFS 2020:30 and (ii) the description of the decision-making process for establishing, reviewing and implementing the guidelines have been adjusted due to the establishment of a Remuneration Committee.