

Vanquis Bank Limited

Capital Requirements Regulation (CRR) Pillar III & 2019 Remuneration Code Disclosure

Governance

The Board of Directors of Vanquis Bank Limited (VBL) has delegated the responsibility for oversight of VBL's remuneration policy and the remuneration decision making process to its Remuneration Committee (RemCo).

The RemCo is comprised of three independent Non-Executive Directors, including the Remuneration Committee Chairman. The RemCo meets at least four times a year. The terms of reference for the RemCo have been approved by the VBL Board of Directors. The RemCo's mandate is to:

1. Determine Remuneration Policy in relation to fixed and variable pay for all employees (including executive directors, senior management function holders, material risk takers and control function staff);
2. Ensure that remuneration outcomes appropriately reflect long-term performance and support effective risk management;
3. Determine which employees are Material Risk Takers (Code Staff) for the purposes of the Remuneration Code. VBL operates criteria aligned EBA article 94(2) of Directive 2013/36/EU, summarised as follows:
 - i. Vanquis Bank Executive Directors and Non-Executive Directors;
 - ii. Members of the Bank's Executive Committee
 - iii. Named function holders and risk managers
 - iv. Selected roles which have a significant influence on the firm's risk profile including selected control functions.
4. Determine levels of fixed and variable pay for individual Code Staff and control functions;
5. Oversee the setting of bonus pools and the application of any ex ante or ex post risk adjustments;
6. Ensure that its decisions are consistent with an assessment of VBL's financial condition and future prospects and in the interests of its parent company (Provident Financial plc) and other stakeholders; and
7. Monitor that VBL's remuneration policies and practices remain fully compliant with the requirements of the PRA/FCA's Remuneration Code.

Link between pay and performance

As a performance driven organisation VBL's remuneration policy ensures that the appropriate elements of fixed and variable reward are applicable to all roles across the business. Variable remuneration for all annual bonus eligible colleagues is determined by an independently assessed balanced scorecard of multi-year, financial, non-financial and risk objectives. VBL operates a rigorous performance appraisal process that includes assessment of both delivery and behaviour objectives, ensuring positive risk culture and risk management outcomes are underpinned by remuneration outcomes. All bonus pool funding is subject to second line review and a risk adjustment review framework is in place to ensure variable remuneration is risk adjusted in the event of unacceptable risk management performance. Code Staff receive a portion of deferred remuneration in conditional, deferred parent company shares, to support forward-looking performance contribution, risk management focus and alignment with shareholder interests.

Both fixed and variable remuneration across VBL is reviewed annually to ensure levels of reward are aligned with long term business performance measures (including non-financial measures aligned to drive the right behaviours within VBL including company values, compliance, ethics, behaviour towards customers and risk management). The review takes into account individual performance and market competitiveness.

The long term business performance measures are documented in long term incentive schemes which are operated and provided by VBL's parent company Provident Financial plc.

VBL participates in one open (share-based) long term incentive schemes operated by Provident Financial plc, eligibility for this scheme is dependent on role and organisational responsibilities. Grants under this scheme are performance assessed after three years vesting and performance must exceed pre-defined thresholds for any value to be realised.

In respect of 2019, the Remuneration Committee have not applied the remuneration provisions relating to the cap on the ratio of fixed to variable pay which are set out in Article 94(1g) of the Capital Requirements Directive (2013/36/EU). This is on the basis that VBL is a PRA Category Three Firm and this permits principle of proportionality to be applied.

VBL operates in the retail business area. The following table demonstrates the mix of fixed and variable remuneration for senior management and other code staff (other members of staff whose actions had a material impact on the risk profile of the firm).

Quantitative information on remuneration for the financial year 2019

	Senior Management	Other Code Staff	Total
Number of staff	21	25	46
Total Remuneration	£5.75m	£4.28m	£10.03m
Breakdown of total remuneration:			
Fixed	£3.30m	£2.79m	£6.09m
Variable			
Cash paid in year	£1.06m	£0.58m	£1.65m
Deferred:			
Shares	£1.24m	£0.91m	£2.15m
Cash - share linked	£0.00m	£0.00m	£0.00m
Cash - other	£0.14m	£0.00m	£0.14m
Total deferred in current year	£1.39m	£0.91m	£2.30m

Deferred remuneration information for the financial year 2019

Unvested awards granted in year	£1.39m	£1.03m	£2.42m
Vested and exercised in year	£0.84m	£0.23m	£1.07m
Outstanding unvested as at 31 December	£3.87m	£2.60m	£6.46m

Sign-on and severance for the financial year 2019

Number of staff	3	2	5
Sign-on payments	£0.60m	£0.02m	£0.62m
Severance	£0.48m	£0.00m	£0.49m

The 2019 Remuneration Code Pillar III disclosure has been prepared on the basis that VBL is a PRA Category Three Firm and is a separate and standalone document which is published on VBL's website www.vanquis.co.uk on an annual basis. The consolidated Pillar III disclosures required under the Capital Requirements Regulation (CRR) can be found on the Provident Financial website at www.providentfinancial.com