

## 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 comprises five Non-Executive Directors and is chaired by its Senior Non-Executive Director. The Remco meets at least three 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 employees;
2. In exceptional circumstances adjust levels of fixed and variable pay for employees;
3. Determine which employees are Code Staff for the purposes of the Remuneration Code. VBL consider the following to be Code Staff:
  - i. Vanquis Bank Executive Directors;
  - ii. Vanquis Bank Independent Non-Executive Directors; and
  - iii. 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;
5. 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
6. Monitor that VBL is 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 reward amongst VBL's most senior management roles (i.e. Executive Committee and Strategic Managers) and all those covered by the Remuneration Code includes a blend of annual cash bonus and performance adjusted deferred elements.

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. Appropriate risk conduct is reflected in the annual performance objectives, and subsequent rating of the employee. Any additional variable remuneration is driven by performance and measured through the annual performance review process and alongside any non-financial risk metrics that are applicable to Code Staff, this may result in a reduction in remuneration.

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 three long term incentive schemes operated by Provident Financial plc, eligibility for each scheme is dependent on role. Two of these schemes are share based and one is cash. All of these schemes vest after three years and have performance hurdles attached to them.

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 principles 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 2015

	Senior Management	Other Code Staff	Total
Number of staff	24	5	29
Total Remuneration	£8,308,669	£633,398	£8,942,067
Breakdown of total remuneration:			
Fixed	£3,627,688	£404,130	£4,031,818
Variable	£4,680,981	£229,268	£4,910,249
Cash paid in year	£1,826,118	£117,506	£1,943,624
Deferred:			
Shares	£2,730,862	£56,788	£2,787,650
Cash - share linked	£24,000	£54,975	£78,975
Cash - other	£100,000	-	£100,000
Total deferred in current year	£2,854,862	£111,763	£2,966,625

### Deferred remuneration information for the financial year 2015

Invested awards granted in year	£2,854,862	£111,763	£2,966,625
Vested and exercised in year	£6,683,824	£24,912	£6,708,736
Lapsed awards	-	-	-
Outstanding vested as at 31 December	-	-	-
Outstanding unvested as at 31 December	£8,263,207	£210,383	£8,473,590

### Sign-on and severance for the financial year 2015

Number of staff	1	2	3
Sign-on payments	-	-	-
Severance	£96,139	£13,556	£109,965

### Number of Individuals earning greater €1 million

> €1,000,000 - ≤€1,500,000	2
> €1,500,000 - ≤€2,000,000	-
> €2,000,000 - ≤€2,500,000	1
> €2,500,000 - ≤€3,000,000	-
> €3,000,000 - ≤€3,500,000	-
> €3,500,000 - ≤€4,000,000	-
> €4,000,000 - ≤€4,500,000	-
> €4,500,000 - ≤€5,000,000	-
> €5,000,000 - ≤€6,000,000	-

The 2015 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](http://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](http://www.providentfinancial.com)