

## Note 23 - Personnel expenses and emoluments to senior employees and elected officers

All compensation arrangements at SpareBank 1 SMN are formulated in accordance with the Financial Institutions Act and with the Securities Trading Act with associated regulations concerning compensation arrangements at financial institutions, investment firms and mutual fund management companies.

The compensation committee conducts an annual review of compensation arrangements, and a written report is forwarded to the Board of Directors for scrutiny and approval. The compensation committee is required to ensure that the practising of the compensation arrangements is examined at least once yearly by independent control functions.

The Board of Directors is charged with approving and maintaining the compensation arrangements, and with ensuring that the documentation underlying decisions is safekept. The Board of Directors also approves any material change in or exception from the compensation arrangements.

The Group's guidelines for variable compensation are designed to assure that employees, groups and the business as a whole are compliant with the risk management strategies, processes and tools that the Group has put in place to protect assets and values. The compensation arrangements are formulated in such a way as to ensure that neither individuals nor the organisation take unacceptable risk in order to maximise the variable compensation.

This entails inter alia that the basis for variable remuneration related to the entity's performance must be a period of a minimum of two years for senior employees. Variable remuneration can be accumulated annually, based on assessments of financial and non-financial performances over a minimum of two years. SpareBank 1 SMN has no compensation arrangements for customer facing units that would be likely to encourage conduct which challenges the Bank's risk tolerance, ethical guidelines or which may contribute to conflicts of interest. The Bank has no compensation arrangements for control functions that would be likely to encourage conduct which challenges competence, and reduction clauses have been introduced for instances where breaches of applicable rules or guidelines are brought to light. Reduction has its basis in the Group's sanction system.

The following employee groups are covered by the arrangement:

Category 1: CEO and members of the Bank's management team

Category 2: Senior employees

Category 3: Employees with tasks of material significance for the Bank's risk exposure

Category 4: Employees with compensation corresponding to that of senior employees

Category 5: Employees with control functions

An assessment has in addition been made of whether other employees with compensation corresponding to that of the above groups should be subject to special rules under the above criteria.

Parent Bank			Group	
2012	2013	(NOK million)	2013	2012
548	519	Wages	830	837
42	38	Pension costs (note 25)	52	55
28	29	Social costs	32	31
<b>618</b>	<b>587</b>	<b>Total personnel expenses</b>	<b>914</b>	<b>924</b>
837	790	Average number of employees	1,195	1,176
793	757	Number of man-labour years as at 31 December	1,159	1,135
838	805	Number of employees as at 31 December	1,238	1,216

**Emoluments to Top Management  
2013 (thousands of NOK)**

Name and title	Salary and other short-term benefits	Of which bonuses <sup>1)</sup>	Pension contribution for salaries above 12G	Of which share-based bonus payments	Current value of pension liability	Pension rights accrued in past year	Loans at 31.12.	No. of equity capital certificates
<b>Finn Haugan</b> Group CEO	5,707	70	1,722	190	16,025	682	6,696	173,351
<b>Kjell Fordal</b> Executive Director Group Finance	2,729	87	393	87	6,131	708	5,767	222,259
<b>Wenche M. Seljeseth</b> <sup>2)</sup> Executive Director Products, Processes and Production	2,028	53	181	53	-	62	2,131	6,535
<b>Tina Steinsvik Sund</b> <sup>2)</sup> Executive Director Performance Development, HR and Digital Channels	2,221	70	241	70	-	62	6,736	9,922
<b>Vegard Helland</b> Executive Director Group Customers	2,469	82	254	82	1,371	93	3,175	11,477
<b>Svein Tore Samdal</b> Executive Director Offices as from 1 September 2013	2,084	-	44	-	-	21	5,052	2,000
<b>Tore Haarberg</b> Executive Director Product and Processes to end 31 August 2013	2,041	89	269	89	-	126	5,430	9,563

**2012 (thousands of NOK)**

Name and title	Salary and other short-term benefits	Of which bonuses <sup>1)</sup>	Pension contribution for salaries above 12G	Of which share-based bonus payments	Current value of pension liability	Pension rights accrued in past year	Loans at 31.12.	No. of equity capital certificates
<b>Finn Haugan</b> Group CEO	6,022	527	2,027	-	16,319	718	6,914	169,536
<b>Tore Haarberg</b> Executive Director, Retail Division (Deputy Group CEO)	2,716	263	333	-	1,546	173	5,552	7,775
<b>Wenche M. Seljeseth</b> <sup>2)</sup> Executive Director, Marketing and Public Relations	1,607	92	82	-	-	60	1,950	5,463
<b>Vegard Helland</b> Executive Director, Corporate Division	2,385	244	224	-	888	146	3,609	9,830
<b>Kjell Fordal</b> Executive Director, Finance	2,682	251	367	-	5,145	764	6,804	270,518
<b>Tina Steinsvik Sund</b> <sup>2)</sup> Executive Director, Business Operations	2,246	219	228	-	-	60	6,759	8,517

1) Paid bonuses for previous year

2) Defined-contribution pension scheme.

As a result of changes to the tax rules on top pensions, the Board of Directors decided to phase out the group pension scheme for salaries above 12G as from 1 January 2007. For that reason an individual top pension scheme was introduced in 2007 whereby employees with salaries above 12G receive a pension add-on of 16 per cent of salary above 12G. The pension add-on will go to pension saving in products delivered by SpareBank 1. To ensure equality with the phased-out scheme, compensation will be provided for tax on this pension add-on. A 12G arrangement has subsequently been established for a number of new managers.

Under the employment agreement with the Group CEO, the Bank undertakes to pay salary and other benefits for up to 24 months. The Group CEO is entitled to retire at age 60 on a pension of 68 per cent of pensionable income. The Bank's group occupational pension is included in the Bank's pension obligation to the Group CEO. The Group CEO also has an agreement on a dependants' benefit. The Group CEO has a contractual bonus which is dependent on goal achievement with reference to specific criteria set by the Board of Directors compensation committee.

The Executive Directors have bonus agreements which are dependent on goal achievement with reference to specific criteria set by the Board of Directors compensation committee. The Executive Directors have agreement on post-employment salary of between 12 - 24 months, reduced however by any salary earned in other employment.

An early retirement agreement has been established with one of the executive directors, granting this person the right to retire on reaching age 62. The pension is 68 per cent of pensionable income. The benefit associated with this arrangement is included in the basis for accumulated pension entitlement in the table above.

The number of equity capital certificates includes equity capital certificates owned by related parties and companies over which the individual exercises substantial influence.

### Emoluments to the Board of Directors and the Control Committee

#### 2013 (thousands of NOK)

Name	Title	Fee	Fees to audit and remuneration committee	Other benefits	Loans as of 31.12.	No. of equity capital certificates
Kjell Bjordal	Board chairman as from 1 April 2013	306	18	116	-	100,000
Bård Benum	Deputy chair	182	55	1	-	-
Aud Skrudland	Board member	162	18	4	0	1,765
Arnhild Holstad	Board member	162	29	2	2,583	-
Paul E. Hjelm-Hansen	Board member	162	73	1	0	49,219
Venche Johnsen <sup>1)</sup>	Board member, employee representative	162	-	671	235	24,716
Bente Karin Trana	Alternate	148	-	2	-	-
Morten Loktu	Board member as from 1 April 2013	122	7	1	-	-
Eldbjørg Gui Standal	Board member to end 31 January 2013	41	18	1	-	-
Per Axel Koch	Board chairman to end 31 March 2013	86	14	121	-	50,000
Rolf Røkke	Chair, Control Committee to end 31 March 2013	35	-	1	-	-
Terje Lium	Chair, Control Committee as from 1 April 2013	105	-	1	-	-
Anders Lian	Deputy Chair, Control Committee	94	-	1	-	-
Terje Ruud	Member, Control Committee	94	-	1	-	-

1) Other emoluments include salary in employment relationships.

#### 2012 (thousands of NOK)

Name	Title	Fee	Fees to audit and remuneration committee	Other benefits	Loans as of 31.12.	No. of equity capital certificates
Per Axel Koch	Board chairman	345	14	31	-	45,930
Eli Arnstad	Deputy Chair to end March 2012	47	27	501	2,379	5,200
Kjell Bjordal	Deputy Chair as from April 2012	207	11	36	0	50,000
Aud Skrudland	Board member	162	7	33	0	1,765
Arnhild Holstad	Board member	162	-	33	2,517	-
Paul E. Hjelm-Hansen	Board member	162	78	32	0	49,219
Bård Benum	Board member	162	69	2	-	-
Venche Johnsen <sup>1)</sup>	Board member, employee representative	162	-	711	342	24,716
Eldbjørg Gui Standal	Board member	122	23	1	-	-
Rolf Røkke	Chair, Control Committee	140	-	1	-	-
Anders Lian	Deputy Chair, Control Committee	94	-	1	-	-
Terje Ruud	Member, Control Committee	94	-	1	-	-

1) Other emoluments include salary in employment relationships.

The Board chairman has neither a bonus agreement nor any agreement on post-employment salary. The no. of equity capital certificates includes certificates owned by related parties and companies over which the individual exerts substantial influence.

### Fees to the Supervisory Board (thousands of NOK)

2013	2012
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Randi Dyrnes, Supervisory Board Chair as from April 2012	73	61
Terje Skjønhalv, Supervisory Board Chair to end March 2012	-	26
Other members	385	549