

Note 22 - 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 shall be a period of one year, and the earning period shall not be less than one year.

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.

SpareBank 1 SMN's compensation arrangements also contain special rules for senior employees. For these groups the basis for variable remuneration related to undertaking's risk adjusted result is a period of at least two years. A minimum of 50 per cent of the variable remuneration is allocated in the form of equity certificates, which are tied and allocated in portions of one-third per year over three years.

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	
2015	2016	(NOK million)	2016	2015
496	534	Wages	1,137	954
49	-30	Pension costs (Note 24)	-22	77
43	32	Social costs	43	63
588	536	Total personnel expenses	1,159	1,093
739	680	Average number of employees	1,313	1,338
645	630	Number of man-labour years as at 31 December	1,254	1,208
689	675	Number of employees as at 31 December	1,328	1,298

Emoluments to Top Management

2016 (thousands of NOK)

Name and title	Salary and other short-term benefits	Of which share-based bonus payments	Pension contribution for salaries above 12G	Current value of pension liability 2)	Pension rights accrued in past year	Loans at 31.12.	No. of equity capital certificates
Finn Haugan Group CEO	6,542	-	2,297	14,788	165	8,883	200,658
Kjell Fordal Executive Director Group Finance	3,385	-	812	9,279	872	6,890	244,640
Vegard Helland Executive Director Corporate	2,705	-	328	1,228	151	1,969	33,530
Svein Tore Samdal 1) Executive Director Retail	2,916	-	366	-	83	8,551	22,836
Nelly Maske 1) Business Operation and Development	2,198	-	227	-	85	6,000	20,000
Rolf Jarle Brøske 1) Executive director Communications and Society	461	-	-	-	-	3,585	5,000

2015 (thousands of NOK)

Name and title	Salary and other short-term benefits	Of which share-based bonus payments	Pension contribution for salaries above 12G	Current value of pension liability	Pension rights accrued in past year	Loans at 31.12.	No. of equity capital certificates
Finn Haugan Group CEO	6,445	56	2,297	16,856	167	10,252	197,906
Kjell Fordal Executive Director Group Finance	3,011	56	472	8,803	885	5,832	244,422
Wenche Margaretha Seljeseth 1) Business Operation and Development	2,251	-	231	-	66	2,271	-
Vegard Helland Executive Director Corporate	2,677	56	318	1,897	169	352	33,312
Svein Tore Samdal 1) Executive Director Retail	2,853	56	350	-	66	7,948	22,618
Nelly Maske 1) Business Operation and Development	1,978	56	161	-	66	5,397	20,000

1) Defined-contribution pension scheme, pension rights accrued is the paid amount.

2) The defined benefit pension scheme is terminated with effect from 1 January 2017 and the group management will receive paid-up policies in same manner as other members of the defined benefit scheme. See note 2 and note 24 for further information.

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. A condition is that the recipient undertakes not to dispose of these funds before reaching retirement age. The board of directors has at all times the right to check that pension saving of 12 times the basic amount available under the National Insurance Fund Scheme is carried out as intended.

An early retirement agreement has been entered with the CEO in the event of his stepping down before reaching age 67, entailing a pension equal to 68 percent 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.

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 2016 (thousands of NOK)

Name	Title	Fee	Fees to audit, risk and remuneration committee	Other benefits	Loans as of 31.12.	No. of equity capital certificates
Kjell Bjordal	Board chairman	425	32	6	-	110,000
Bård Benum	Deputy chair	225	75	6	4,000	-
Aud Skrudland	Board member	195	22	6	-	4,765
Arnhild Holstad	Board member	195	-	6	2,962	-
Paul E. Hjelm-Hansen	Board member	195	100	5	-	49,219
Venche Johnsen 1)	Board member, employee representative (parts of 2016)	48	-	667	-	24,716
Janne Thyø Thomsen	Board member	195	75	1	-	3,000
Morten Loktu	Board member	195	22	6	-	5,000
Erik Gunnes 1)	Board member, employee representative	178	-	760	1,025	230
Oddny Lysberg 1)	Board member, employee representative	146	-	512	2,605	634
Terje Lium 2)	Chair, Control Committee	40	-	1	-	-
Anders Lian 2)	Deputy Chair, Control Committee	27	-	1	-	-
Terje Ruud 2)	Member, Control Committee	27	-	1	-	1,500

1) Other emoluments include salary in employment relationships.

2) The control committee was dispensed with as from March 2016

2015 (thousands of NOK)

Name	Title	Fee	Fees to audit, risk and remuneration committee	Other benefits	Loans as of 31.12.	No. of equity capital certificates
Kjell Bjordal	Board chairman	425	32	49	-	110,000
Bård Benum	Deputy chair	225	75	1	3,269	-
Aud Skrudland	Board member	195	22	1	-	2,765
Arnhild Holstad	Board member	195	-	8	2,421	-
Paul E. Hjelm-Hansen	Board member	195	100	3	-	49,219
Venche Johnsen 1)	Board member, employee representative	195	-	732	695	24,716
Janne Thyø Thomsen	Boardmember as from 1 April 2014	195	75	1	-	-
Morten Loktu	Board member	195	22	1	-	5,000
Terje Lium	Chair, Control Committee	158	-	1	-	-
Anders Lian	Deputy Chair, Control Committee	106	-	1	-	-
Terje Ruud	Member, Control Committee	106	-	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 number 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)

	2016	2015
Randi Dyrnes, Supervisory Board Chair	78	86
Other members	288	580