

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.

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 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. 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

Parent Bank			Group	
2016	2017	(NOK million)	2017	2016
534	501	Wages	1,284	1,137
-30	40	Pension costs (Note 24)	79	-22
32	35	Social costs	62	43
536	575	Total personnel expenses	1,426	1,159
680	656	Average number of employees	1,405	1,313
630	595	Number of man-labour years as at 31 December	1,399	1,254
675	637	Number of employees as at 31 December	1,482	1,328

Emoluments to Top Management
2017 (thousands of NOK)

Name and title	Salary and other short-term benefits	Of which bonuses	Pension contribution for salaries above 12G	Of which share-based bonus payment	Current value of pension liability	Pension rights accrued in past year ¹⁾	Loans at 31 Dec	No. of equity capital certificates
Finn Haugan Group CEO	7,041	-	2,297	-	12,653	115	3,693	200,521
Kjell Fordal Executive Director Group Finance	3,269	-	424	-	11,304	115	8,925	244,945
Vegard Helland Executive Director Corporate	2,822	-	246	-	1,338	115	1,254	33,835
Svein Tore Samdal Executive Director Retail	2,936	-	275	-	-	115	7,344	23,141
Nelly Maske Executive Director Business Operation and Development	2,377	-	171	-	-	115	6,864	20,305
Rolf Jarle Brøske Executive Director Communication and Society	1,960	-	137	-	-	115	9,937	5,305

2016 (thousands of NOK)

Name and title	Salary and other short-term benefits	Of which bonuses	Pension contribution for salaries above 12G	Of which share-based bonus payment	Current value of pension liability	Pension rights accrued in past year ¹⁾	Loans at 31 Dec	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 Executive Director Retail	2,916	-	366	-	-	83	8,551	22,836
Nelly Maske Executive Director Business Operation and Development	2,198	-	227	-	-	85	6,000	20,000
Rolf Jarle Brøske Executive Director Communication and Society	461	-	-	-	-	-	3,585	5,000

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

Until 30 June 2017 SpareBank 1 SMN has had an individual top pension scheme for employees with salaries above 12G and these employees receive 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 and can not be predisposed until retirement (62 years). To ensure equality with the phased-out scheme, compensation will be provided for tax on this pension add-on. This arrangement was closed 30. June 2017.

From 1 July 2017 a new pension scheme was established for employees with salaries above 12G. These employees receive pension add-on of 15 per cent of salary above 12G on an individual retirement account in SpareBank 1 Forsikring. Employees can decide investment profile and the savings are locked up until retirement age.

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. This agreement is effective until the end of the month the CEO reaches 67 years. 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.

Executive directors has established early retirement agreements of up to 12 months. The size of these agreements will be in accordance with the compensation arrangements. 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 Supervisory Board
2017 (thousands of NOK)**

Name	Title	Fee	Fees to audit, risk and remuneration committee	Other benefits	Loans as of 31 December	No. of equity capital certificates
Kjell Bjordal	Board chairman	442	34	5	-	130,000
Bård Benum	Deputy chair	234	79	-	8,578	-
Aud Skrudland	Board member	203	23	1	-	6,765
Arnhild Holstad	Board member	203	-	2	2,229	-
Paul E. Hjelm-Hansen	Board member	203	105	0	-	49,219
Janne Thyø Thomsen	Board member	203	79	-	-	3,000
Morten Loktu	Board member	203	23	-	-	5,000
Venche Johnsen ²⁾	Board member, employee representative	154	-	757	577	24,716
Erik Gunnes ²⁾	Board member, employee representative	203	-	787	966	535
Oddny Lysberg ²⁾	Board member, employee representative	49	-	540	2,515	939

²⁾ Other emoluments include salary in employment relationships

2016 (thousands of NOK)

Name	Title	Fee	Fees to audit, risk and remuneration committee	Other benefits	Loans as of 31 December	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
Janne Thyø Thomsen	Board member	195	75	1	-	3,000
Morten Loktu	Board member	195	22	6	-	5,000
Venche Johnsen ²⁾	Board member, employee representative	48	-	667	-	24,716
Erik Gunnes ²⁾	Board member, employee representative	178	-	760	1,025	230
Oddny Lysberg ²⁾	Board member, employee representative	146	-	512	2,605	634
Terje Lium ³⁾	Chair, Control Committee	40	-	1	-	-
Anders Lian ³⁾	Deputy Chair, Control Committee	27	-	1	-	1,500
Terje Ruud ³⁾	Member, Control Committee	27	-	1	-	-

²⁾ Other emoluments include salary in employment relationships

³⁾ The Control committee was discontinued in March 2016

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)**

	2017	2016
Randi Dyrnes, Supervisory Board Chair	81	78
Other members	277	288