

## Note 20 - Personnel expenses and emoluments to senior employees and elected officers

Parent Bank			Group	
2019	2020	(NOK million)	2020	2019
527	644	Wages	1,711	1,525
50	56	Pension costs (Note 22)	107	105
37	32	Social costs	66	69
<b>614</b>	<b>732</b>	<b>Total personnel expenses</b>	<b>1,883</b>	<b>1,699</b>
633	668	Average number of employees	1,644	1,611
619	660	Number of man-labour years as at 31 December	1,560	1,509
658	678	Number of employees as at 31 December	1,653	1,634

### Emoluments to Top Management 2020 (thousands of NOK)

Name	Title	Salary and other short-term benefits	Pension contribution for salaries above 12G	Of which share-based bonus payments <sup>5)</sup>	Current value of pension liability	Pension rights accrued in past year <sup>6)</sup>	Loans at 31.12 <sup>7)</sup>	No. of equity capital certificates <sup>8)</sup>
<b>Jan-Frode Janson</b>	Group CEO	5,505	716	-	-	155	12	40,281
<b>Kjell Fordal</b>	Executive Director Group Finance	4,114	712	12	9,863	143	13,234	246,304
<b>Vegard Helland</b>	Executive Director Corporate	2,995	174	12	2,045	139	1,251	35,194
<b>Ola Neråsen</b>	Executive Director Risk	2,365	96	12	3,403	166	458	42,756
<b>Nelly Maske</b>	Executive Director Retail	2,910	165	-	-	155	5,278	21,135
<b>Rolf Jarle Brøske</b>	Executive Director Communication and Society	2,374	104	12	-	138	10,451	10,205
<b>Kjersti Hønstad</b>	Executive Director Legal <sup>1)</sup>	2,006	57	12	2,874	171	1,619	4,906
<b>Astrid Undheim</b>	Executive Director Technology and Development <sup>2)</sup>	1,743	-	-	-	122	7,518	-
<b>Kjetil Reinsberg</b>	Executive Director Eiendomsmegler 1 Midt-Norge <sup>3)</sup>	3,397	214	-	-	161	6,344	34,207
<b>Arne Nypan</b>	Executive Director Regnskapshuset <sup>4)</sup>	2,483	154	14	-	46	5,385	26,690

1) Executive Director Legal left the Top Management 11 August 20

2) Executive Director Technology and Development took up the position in the Top Management 1 March 20

3) Executive Director Eiendomsmegler 1 Midt-Norge took up the position in the Top Management 10 August 20 and emoluments given are from Eiendomsmegler 1 Midt-Norge

4) Executive Director Regnskapshuset took up the position in the Top Management 10 August 20 and emoluments given are from SparBank 1 Finans Midt-Norge and SpareBank 1 Regnskapshuset

5) Amount of bonus-Ming received 2020 in conjunction with MING-saving scheme. MING-saving scheme is an arrangement open for all employees and all employees have the same conditions

6) Defined-contribution pension scheme

7) Top Management has the same loan conditions as all the employees

8) Number of equity capital certificates also includes certificates owned by related persons and companies in which one has significant influence

**Emoluments to Top Management  
2019 (thousands of NOK)**

Name	Title	Salary and other short-term benefits	Pension contribution for salaries above 12G	Of which share-based bonus payments <sup>4)</sup>	Current value of pension liability	Pension rights accrued in past year <sup>5)</sup>	Loans at 31.12 <sup>6)</sup>	No. of equity capital certificates <sup>7)</sup>
<b>Finn Haugan</b> <sup>1)</sup>	Group CEO	7,085	2,297	22	7,741	131	8,271	202,459
<b>Jan-Frode Janson</b> <sup>2)</sup>	Group CEO	3,474	456	-	-	101	12	30,000
<b>Kjell Fordal</b>	Executive Director Group Finance	3,790	564	22	10,529	141	12,930	245,883
<b>Vegard Helland</b>	Executive Director Corporate	2,942	172	22	1,554	135	301	34,773
<b>Ola Neråsen</b> <sup>5)</sup>	Executive Director Risk	2,339	126	22	2,785	144	827	42,335
<b>Nelly Maske</b> <sup>4)</sup>	Executive Director Retail	2,850	152	22	-	149	5,447	23,554
<b>Rolf Jarle Brøske</b>	Executive Director Communication and Society	2,274	100	22	-	96	9,257	7,134
<b>Kjersti Hønstad</b> <sup>3)</sup>	Executive Director Legal	1,986	58	22	-	152	1,745	4,485

1) Finn Haugan resigned from his position 30 April 2019. An early retirement agreement has been entered into with Finn Haugan in event of his stepping down before reaching the age of 67. Finn Haugan's working with SpareBank 1 SMN ceased 31 December 2019. Therefore, Finn Haugan will receive early retirement pension within the period 1 January 2020-31 December 2020. This pension liability is a part of the Banks collective pension liability.

2) Jan-Frode Janson took up his position as Group CEO 1 May 2019

3) Executive Director Legal took up the position in the Top Management 1 May 2019

4) Amount of bonus-Ming received 2019 in conjunction with MING-saving scheme and bonus received thru profit sharing of the Fremtind-transaction. MING-saving scheme is an arrangement open for all employees and all employees have the same conditions. Profit-sharing of Fremtind-transaction to employees, gave all employees employed at SMN 31 Dec 2018 150 bonus-MING.

5) Defined-contribution pension scheme

6) Top Management has the same loan conditions as all the employees - this also applies to the resigned CEO in the period receiving retirement pension

7) Number of equity capital certificates also includes certificates owned by related persons and companies in which one has significant influence

SpareBank 1 SMN has an individual top pension scheme for employees with salaries above 12G employed before 1st of July 2017. These employees receive pension add-on of 15 per cent of salary above 12G. Employees can decide investment profile and the savings are locked up until retirement age in an individual retirement account in SpareBank 1 Forsikring. This benefit is a part of the amount of the pension rights accrued in the table above.

**Emoluments to the Board of Directors and the Supervisory Board  
2020 (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 <sup>2)</sup>
Kjell Bjordal	Board chairman	539	38	1	12,000	130,000
Bård Benum	Deputy chair	285	90	-	7,774	-
Mette Kamsvåg	Board member	245	90	2	1,786	5,600
Tonje Eskeland Foss	Board member	245	26	-	-	-
Janne Thyø Thomsen	Board member	245	105	-	-	3,000
Morten Loktu	Board member	245	26	-	-	1,500
Christian Stav	Board member	245	105	-	-	20,000
Inge Lindseth <sup>1)</sup>	Board member, employee representative	271	-	881	4,014	8,905
Christina Straub <sup>1)</sup>	Board member, employee representative	245	-	823	5,792	758
Oddny Lysberg <sup>1)</sup>	Deputy member of the Board, employee representative	26	-	554	2,696	1,842

1) Other emoluments include salary in employment relationships

2) Number of equity capital certificates also includes certificates owned by related persons and companies in which one has significant influence

**Emoluments to the Board of Directors and the Supervisory Board  
2019 (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 <sup>4)</sup>
Kjell Bjordal	Board chairman	495	38	13	-	130,000
Bård Benum	Deputy chair	262	88	8	8,053	-
Mette Kamsvåg	Board member	226	88	7	1,437	5,600
Tonje Eskeland Foss	Board member	226	26	3	5,202	-
Paul E. Hjelm-Hansen <sup>1)</sup>	Board member	53	28	8	-	49,219
Janne Thyø Thomsen	Board member	226	99	8	-	3,000
Morten Loktu	Board member	226	26	8	-	5,000
Christian Stav <sup>3)</sup>	Board member	173	79	-	-	-
Christina Straub <sup>2), 3)</sup>	Board member, employee representative	173	-	784	5,863	652
Inge Lindseth <sup>2), 3)</sup>	Board member, employee representative	192	1	854	3,622	4,034
Venche Johnsen <sup>1), 2)</sup>	Board member, employee representative	53	6	805	347	25,392
Erik Gunnes <sup>1), 2)</sup>	Board member, employee representative	53	-	847	1,261	1,364

1) Resigned in 2019

2) Other emoluments include salary in employment relationships

3) Was selected in 2019

4) Number of equity capital certificates also includes certificates owned by related persons and companies in which one has significant influence

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)**

	2020	2019
Knut Solberg, Supervisory Board Chair	95	93
Other members	305	300

Remuneration of employees <sup>1)</sup>	Number	Remuneration	Of which variable remuneration
Senior employees	56	72,850,350	-
Employees and officers with tasks of material significance for the institutions's risk exposure	5	5,145,598	-
Employees responsible for the independent control function	3	2,274,803	-
Officers	1	1,517,365	-

<sup>1)</sup> Categories of employees covered by the Financial Institutions Regulations

## Board of directors' declaration regarding determination of salary and other remuneration to senior employees

**SpareBank 1 SMN's remuneration arrangements**

All remuneration at SpareBank 1 SMN shall contribute to goal achievement and the desired conduct. The remuneration arrangements shall at the same time promote and incentivise good management and control of group risk, counteract excessive risk taking and contribute to the avoidance of conflicts of interest.

The group's overarching objectives for the current strategy period are the basis for our remuneration policy. The business lines' strategies and action plans shall support those objectives. Different business lines may accordingly have different remuneration arrangements within the framework of the group's remuneration policy.

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

The group's guidelines on variable compensation are designed to assure that employees, groups or the business as a whole are compliant with the risk management strategies, processes and tools implemented by the group to protect assets and values. The remuneration 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 remuneration. This entails inter alia that the basis for variable remuneration connected to the entity's risk adjusted profit shall be a period of at least one year, and that the earning period shall not be shorter than one year. SpareBank 1 SMN has no remuneration arrangements for customer facing units that encourage conduct which challenges the bank's risk tolerance, ethical guidelines or which may contribute to conflicts of interest. The group has no remuneration arrangements for control functions that encourage conduct that poses a challenge to legal competence.

It is SpareBank 1 SMN's policy that as a rule profit- or performance-based variable remuneration arrangements shall not be established for employees.

Where variable remuneration arrangements are nonetheless established for employees, the following guidelines apply:

- There shall be an appropriate balance between fixed and variable remuneration, and the fixed component shall be sufficiently high to allow the undertaking the possibility of paying no variable component at all.
- The variable component shall as a rule not exceed 50% of the fixed remuneration.
- Alternative arrangements may be established by way of exception where this is considered to be a necessary alignment with the "industry standard" among competing undertakings.

Reduction clauses have been introduced for any instances where breaches of applicable rules or guidelines are brought to light.

SpareBank 1 SMN aims to be competitive as regards remuneration of senior employees with a view to ensuring that the group attracts and retains competent managers. Managerial pay arrangements are designed to underpin the group's business strategies, core values, key priorities and long-term goals.

Remuneration to senior employees of SpareBank 1 SMN may contain the following elements:

- Fixed pay (ordinary salary)
- Variable remuneration based on performance
- Pension scheme
- Other employee benefits
- New employment allowance
- Share purchase schemes
- Post-employment benefits
- Fees for board positions in SpareBank 1 Alliance

The total remuneration shall be competitive but not wage leading. It shall ensure that the group over time has the ability to attract and retain senior employees with the desired expertise and experience.

#### **Decision process**

The board of directors of SpareBank 1 SMN has established a remuneration committee comprising three members of the board of directors and a representative for the employees.

The remuneration committee's responsibilities include:

- Annually reviewing and recommending the total salary and other remuneration of the group CEO
- Acting as adviser to the group CEO in matters of salary and other remuneration of the executive directors
- Annually reviewing the group's remuneration arrangement
- Ensuring that the implementation of the remuneration arrangement is annually reviewed by an independent control function

#### **A. Guidelines for the coming financial year**

##### **Remuneration of the group CEO**

The group CEO's salary and other financial benefits are determined annually by the board of directors following a recommendation by the remuneration committee. The assessment is based on results achieved, individual performances and the trend in salaries in comparable positions.

The group CEO does not have variable remuneration based on results or performance.

The group CEO is a member of the collective defined contribution pension scheme under the Act on Defined Contribution Pensions, on a par with other employees of the company. The group CEO has in addition an agreement on 23 per cent pension accrual in respect of remuneration above 12G (12 times the basic amount available under the National Insurance Fund Scheme).

The CEO is entitled, on a par with other employees of the group, to participate in private placings directed at the group's employees. The board of directors imposes a lock-in period of up to three years for senior employees who acquire equity certificates at a discount.

The group operates a savings arrangement whereby employees are entitled to purchase equity certificates (MING) up to a value of NOK 24,000 per year. Under the arrangement one bonus equity certificate is allotted for every two equity certificates purchased provided the employee holds the equity certificates for a minimum of two years. The CEO is entitled to participate in this savings arrangement on an equal footing with other employees.

The CEO has an agreement on 12 months' post-employment benefit in the event that the employer chooses to terminate his employment relationship. Should the CEO enter another employment relationship in this period, his post-employment benefit shall be reduced by the pay received in the new employment relationship. This does not apply to any directors' fees received in the period.

#### **Remuneration of other members of the group management team**

The CEO establishes the remuneration of members of the group management team after discussion with the remuneration committee. The remuneration is determined after assessment of results achieved, individual performances and conditions in the market for the respective business lines.

Executive directors do not have variable remuneration based on results or performances.

Executive directors are members of the bank's general pension scheme for salaries up to 12G (12 times the basic amount available under the National Insurance Fund Scheme). They have in addition a top pension scheme corresponding to 15 per cent of salary above 12G. Up to 1 July 2017 the arrangement was a collective arrangement, but was closed with effect from that date. Employees on salaries above 12G appointed after 1 July 2017 are therefore not included in the scheme.

An early retirement agreement has been established with one of the executive directors, granting this person the right to retire on reaching age 62 with a benefit of 68 per cent of pensionable income, including pension from SpareBank 1 SMN's pension fund, the National Insurance Scheme Fund and AFP (the financial industry's contractual early retirement pension scheme).

An agreement has also been entered into with the executive director concerned entailing an increase in that director's individual top pension scheme from 15 to 30% up to and including the month that the director reaches age 64.5.

Executive directors have post-employment benefit agreements lasting *up to* 12 months as from the agreed retirement date. The size of any post-employment benefit will be subject to assessment under the remuneration rules in force at any and all times.

#### **Other benefits to the group CEO and senior employees**

Other benefits to the group CEO and senior employees may be granted to the extent such benefits are related to their function in the Group and are in line with market practice in general. A flat rate car allowance is available to members of the bank's Group management team who use their private car for business purposes.

#### **Determination of variable remuneration for 2020**

In 2020 SpareBank 1 Finans Midt-Norge, EiendomsMegler 1 Midt-Norge, SpareBank 1 Markets and SpareBank 1 Kapitalforvaltning will employ compensation models involving variable remuneration. Criteria for allotting variable remuneration will be applied in conformity with the guides following from the group's remuneration policy and determined by the board of directors of the respective companies.

#### **Special guidelines on remuneration of senior employees, employees with functions of material significance for the undertaking's risk exposure, employees with control functions and elected officers**

SpareBank 1 SMN has adopted separate guidelines for senior employees, employees with functions of material significance for the undertaking's risk exposure, employees with control functions and elected officers.

Pursuant to the Financial Institutions Act and the Financial Institutions Regulations, the group has defined which employees are covered by the special rules based on the defined criteria.

Currently no employees of SpareBank 1 SMN that are covered by the special rules have arrangements involving profit- or performance-based remuneration

**B. Binding guidelines for shares, subscription rights, options etc., for the coming financial year**

The group CEO and senior employees are permitted to participate in private placings/share saving programmes on an equal footing with other employees of the group. The board of directors imposes a lock-in period of three years on senior employees who acquire equity certificates at a discount.

**C. Statement of management pay policy for the preceding financial year**

The group's standards established in 2011, as subsequently revised with effect from 2019, have been followed.

**D. Statement on the effect on the company and shareholders of agreements on remuneration in the form of allotment of shares, subscription rights, options etc.**

Measured against the total number of shares of the company, it is the board of directors' assessment that the allotment of shares to senior employees does not have any negative consequences for the company or the shareholders.