

Excerpt from

## The SpareBank 1 Østlandet Group's Remuneration regime

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## **The SpareBank 1 Østlandet Group's Remuneration regime**

### **Remuneration regime**

The Bank's Board of Directors have adopted the Remuneration regime for the SpareBank 1 Østlandet Group. The Remuneration regime is an important strategic instrument and is intended to underpin the Group's financial goals, brand strategy, risk tolerance and long-term interests. It provides a basis for how the Group organises its pay and incentive systems, and how resources should be channelled and allocated. The main principles for determining and setting salaries in the Remuneration regime guide the entire Group. However, responsibility for formulating concrete pay models is delegated to the individual company in the Group.

The Parent Bank has a pay system where remuneration for all positions is based on fixed pay only – without variable items. The purpose of this is to stimulate long-term thinking and not give employees incentives to influence customers or make decisions that promote their own interests at the expense of customers' interests. To a limited extent, one-off supplements are used for individual employees or groups of employees who, over time, are subject to an extra burden or who make an extraordinary effort in connection with the implementation of major projects or similar. Such supplements are normally granted within a one-month salary frame. In all cases, one-off supplements are paid in arrears, and should not be agreed in advance.

The Remuneration regime is designed to comply with the applicable legislation and associated regulations at any given time. Key regulatory framework conditions are, inter alia, stated in Chapter 15 of the Financial Institutions Regulations. The main purpose of the regulations is to contribute to the establishment of remuneration regimes that will help promote and provide incentives for good management and control of the company's risk, discourage excessive risk taking and contribute to avoidance of conflicts of interest.

Section 9-4 of the Financial Institutions Act regulates "Remuneration from parties other than the financial institution" - including senior employees holding board positions in the Group's subsidiaries or within the SpareBank1 Group or the Alliance. Employees who hold board positions in other companies in the Group or a company included in the SpareBank 1 Gruppen or the Alliance are eligible for the usual remuneration for such positions. It is a prerequisite that the remuneration is paid by the relevant company. The same applies to employees' related parties, defined as the personal circle pursuant to Section 1-5 of the Public Limited Liability Companies Act.

Furthermore, the provisions of Section 9-4 of the Financial Institutions Act stipulate that companies other than the legal entity in which an employee is employed cannot provide remuneration to employees.

Standardised procedures have been established for the assessment of salary and salary regulation for all employees. For employees covered by established collective bargaining agreements, discussions are also conducted with elected officers.

Employees defined as "senior employees, etc." are also covered by a process involving the Remuneration Committee. This entails, inter alia, that the Chief Executive Officer determines the pay conditions of the Bank's other executive personnel and will, during his or her annual assessment of the pay and remuneration of the Group's executive personnel, confer with the Remuneration Committee on its recommendations before making decisions. The Remuneration Committee also receives its own report on total remuneration for all those covered by the definition of "senior employees", as pursuant to the Financial Institutions Regulations.

### **Remuneration Committee**

The Remuneration Committee consists of the Chairman of the Board and 2 board members - one of whom is an employee-elected board member. The framework for the committee's work is described in specific instructions approved by the Board.

The Remuneration Committee will, on an independent basis, conduct an annual assessment of the main principles and strategies for the remuneration of executive personnel in the Group, as well as assess any proposed changes when it comes to principles and concepts relating to the pay and remuneration of managers.

### **Reporting**

Based on an annual report on the implementation of the Remuneration Regime, the internal auditor issues an annual independent statement, which is considered by the Remuneration Committee and the Board of Directors.

Information about the Remuneration Regime and the remuneration of senior employees will be published in the Bank's annual report.

Reporting is carried out in accordance with the provisions of Article 450 of the EBA's Capital Requirements Regulation (CRR).