

Report on remuneration and other emoluments to senior personnel; see the Public Limited Liability Companies Act, Section 6-16(b)

Introduction

The Supervisory Board of SpareBank 1 SMN adopted on 23 March 2021 a new policy on remuneration and other emoluments to senior personnel. The policy is available on the bank's [webpages](#).

SpareBank 1 SMN aspires to competitive, but not wage leading, remuneration arrangements that support the recruitment and retention of staff with the relevant competencies needed to fulfil the group's strategic goals and focal areas.

In addition to stimulating the achievement of the group's business goals, the remuneration arrangements are designed to fulfil the following key risk management objectives:

- To reduce the likelihood of undesired risk taking
- To stimulate the efficient employment of capital
- To minimise the risk of internal control failures

Under Regulations on guidelines on and reporting of remuneration of senior personnel (FOR-2020-12-11-2730), SpareBank 1 SMN is required to prepare a report containing information on remuneration and other emoluments to senior personnel covered by the bank's guidelines and policy.

By senior personnel is meant the group CEO and other members of the group management team.

SpareBank 1 SMN's results in the financial year 2022 were excellent. The group achieved a return on equity of 12.3 per cent and a profit of NOK 2,785m after tax. All group companies delivered good results.

In the retail market, the group's banking arm showed increased profitability, growth in market shares and lending growth above the industry average. EiendomsMegler 1 delivered a strong profit performance and increased market shares in 2022, a year in which the market was impacted by higher living costs and higher residential mortgage rates.

The group can also point to excellent results in the corporate market. Here growth in lending and deposits alike was higher than for many years. Regnskapshuset strengthened its position as market leader through continued growth and the acquisition of four new companies in 2022.

The price of the equity certificate (EC) fluctuated over the year. At the start of 2022 the EC was quoted at NOK 149, compared with NOK 127 at year-end. A cash dividend of NOK 7.50 was paid per EC.

Overall remuneration to senior personnel

Table 1

Name of senior personnel, position 2)	Year	1 Fixed remuneration 1)			3 Pension cost 3)	4 Total remuneration	5 Loans 5)	6 No. of ECs 6)
		Fixed salary	Fees	Perquisites 7)				
Jan-Frode Janson, group CEO 4)	2022 2021							
Trond Søråas, group CFO	2022 2021							
Kjell Fordal, group CFO	2022 2021							
Nelly Maske, executive director, Retail Banking	2022 2021							
Vegard Helland, executive director, Corporate Banking	2022 2021							
Astrid Undheim, executive director, Technology and Development	2022 2021							
Ola Neråsen, executive director, Risk	2022 2021							
Rolf Jarle Brøske, executive director, Communication and Brand	2022 2021							
Arne Nypan, managing director, Regnskapshuset	2022 2021							
Kjetil Reinsberg, managing director, EM1	2022 2021							

- 1) Fixed salary includes fixed pay, holiday pay, holiday pay deduction, supplements related to unworked hours, supplementary pension and fixed supplements
- 2) For each senior personnel the upper line shows remuneration for the reported financial year. The lower line shows remuneration for the previous financial year.
- 3) For Trond Søråas and Astrid Undheim the amount of contributory pension contributions above 12 G is an estimate. Invoice for agreements sent in February 2023.
- 4) Jan Frode Janson saw an increase in contribution rate from 23% to 27.82% for contributory pension in respect of salary above 12G. The amount is an estimate since the adjustments were not invoiced in 2022.
- 5) The group management team have the same loan terms and conditions as all other employees.
- 6) The number of ECs stated includes ECs held by related parties and companies over which the EC holder exerts substantial influence.
- 7) Perquisites include fixed car allowance, mortgage interest subsidy, insurances, taxable mileage allowance, mobile/internet services, taxable spousal travel.

Share-based compensation

No senior personnel or other employees covered by this report received share-based compensation in 2022 beyond ordinary participation in the group's share saving scheme. The maximum share purchase amount per year under this scheme is NOK 24,000, and employees receive one bonus equity certificate for every second equity certificate purchased, provided these are not sold within two years of the date of purchase.

Right to withdraw variable remuneration

No person included in this report received variable remuneration in 2022 or had such remuneration coming.

Conformity with the guidelines etc.

The board of directors is responsible for conducting a prudent remuneration policy within the bounds set by the guidelines and in accordance with the company's financial resilience and long-term interests.

The company's guidelines on remuneration of senior personnel state that fixed remuneration shall be based on the individual manager's role and position, including the position's complexity and responsibilities, required competency, experience and training along with local market conditions. In the board of directors' assessment the fixed remuneration paid to senior personnel in 2022 meets these criteria in a good manner.

The company's guidelines further state that, as a general rule, performance-based remuneration arrangements for senior employees should not be established. No person included in this report received such remuneration in 2022.

Like all other employees, senior employees have group life cover and defined contribution occupational pension. Further, managers covered by this report have a pension agreement for salary above 12G (12 times the basic amount available under the National Insurance Fund Scheme). For the group CEO the contribution rate in 2022 was 27.82 per cent for salary above 12G. The change in the contribution rate was based on a calculation of the permanent contribution rates needed by the CEO in order to achieve the same result as in the case of an investment fund account corresponding to the account he had with SpareBank 1 Nord-Norge. For other senior employees the contribution rate was 15 per cent.

In keeping with the guidelines on remuneration of management personnel, senior employees received in 2022 individual benefits over and above fixed salary in the form of car allowance, free newspaper and coverage of internet and parking expenses. Senior employees are also entitled to the collective benefits in effect at any time for all employees, as described in the group's guidelines on the remuneration of senior employees.

No new-appointee benefits were paid to senior employees in 2022.

Senior employees of SpareBank 1 SMN participated in 2022 in the group's share saving scheme which is open to all employees. The maximum share purchase amount per year is NOK 24,000. All senior employees availed themselves of the opportunity to acquire equity certificates for this amount in 2022. The head of Group Finance and Governance availed himself of this option, and in December purchased 10,000 equity certificates at a 30 per cent discount.

Under SpareBank 1 SMN's guidelines on remuneration, all forms of reward 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, reduce the likelihood of excessive risk taking and contribute to the avoidance of conflicts of interest and to the effective management of sustainability risk.

In the board's view the conferment of salary and emoluments to senior employees in 2022 was in line with guidelines and policy and was undertaken in such a manner as to contribute to the group's goal attainment and long-term interests.

Emoluments to employees and other members of the Board of Directors

Table 2

Board of directors

Name

Title

Fees

Fees for participation in election committee and board committees

Other benefits

Total

Loans at 31.12

No. of ECs held

Kjell Bjordal	Board chair
Christian Stav	Deputy chair
Mette Kamsvåg	Board member
Tonje Eskeland Foss	Board member
Janne Thyø Thomsen	Board member
Morten Loktu	Board member
Eli Skrøvseth	Board member
Freddy Aursø	Board member
Inge Lindseth	Board member, employee representative
Christina Straub	Board member, employee representative

Comparative information

Table 3

Comparative table of remuneration and the company's results over the last five reported financial years (RFYs) in thousands of NOK

Annual change 2018 vs. 2017 2022 vs. 2021

Emoluments for senior personnel *)

Jan-Frode Janson, group CEO 1)

Kjell Fordal, group CFO 2)

Trond Søråas, group CFO 3)

Vegard Helland, executive director Corporate Banking

Ola Neråsen, executive director, Risk 4)

Nelly Maske, executive director, Retail Banking 5)

Rolf Jarle Brøske, executive director, Communication and Society 6)

Kjersti Hønstad, executive director, Legal 7)

Astrid Undheim, executive director, Technology and Development 8)

Kjetil Reinsberg, managing director, EiendomsMegler 1 Midt-Norge 9)

Arne Nypan, managing director, Regnskapshuset 10)

Finn Haugan, group CEO 11)

Svein Tore Samdal, executive director, Retail Banking 12)

Company's result

Parent bank, change in profit after tax

Change in per cent

Average remuneration distributed on no. of FTEs

Change in average annual salary exc. senior personnel

Change in per cent

*) Emoluments include fixed supplements, fixed pay, holiday pay, holiday pay deductions, car allowance, telephone/internet services, mortgage interest subsidy, mileage allowance, tax on insurances and reported amount of defined-contribution pension contributions above 12G.

1) Jan-Frode Janson, group CEO, took up duties on 1 May 2019. Salary adjusted to 12 months for 2019.

2) Kjell Fordal, executive director, retired from his position on 31 August 2022. Salary adjusted to 12 months in 2022.

3) Trond Søråas, CFO, took up duties on 1 February 2022. Salary adjusted to 12 months in 2022.

4) Ola Neråsen, executive director, Risk, joined the group management team on 1 May 2018. No change in salary.

5) Nelly Maske took up duties as executive director, Retail Banking, on 1 December 2018. Previously executive director, Organisation and Development.

6) Rolf Jarle Brøske took up duties as executive director, Communication and Brand, on 1 October 2016. Salary adjusted to 12 months in 2016.

7) Kjersti Hønstad, executive director, Legal, left the group management team on 11 August 2020. Salary adjusted to 12 months in 2020.

8) Astrid Undheim took up duties as executive director, Technology and Development, on 1 March 2020. Salary adjusted to 12 months in 2020.

9) Kjetil Reinsberg, managing director, EiendomsMegler 1 Midt-Norge, joined the group management team on 10 August 2020, and stated benefits were paid by EiendomsMegler 1 Midt-Norge.

10) Arne Nypan, managing director, Regnskapshuset, joined the group management team on 10 August 2020, and stated benefits were paid by SpareBank 1 Finans Midt-Norge and SpareBank 1 Regnskapshuset.

11) Finn Haugan retired as group CEO on 30 April 2019. Employment relationship ended on 31 December 2019.

12) Svein Tore Samdal, executive director, Retail Banking, retired from that position on 30 November 2018. Salary adjusted up to 12 months in 2018.