

Policy for the remuneration of executive management and non-executive directors at Sbanken ASA

Adopted by:	The General Meeting of Sbanken ASA
Date of approval:	22 April 2021
Approval frequency:	In the event of material changes, and at least every four years
Replaces:	New (Replaces the previous version of 'The Board of Directors' statement regarding determination of salaries and other remuneration to senior management' pursuant to the former Section 6-16a of the Public Limited Liability Companies Act)
Document owner:	The General Meeting of Sbanken ASA
Contact person:	Chair of the Board

1 Purpose

These guidelines were prepared by the Board of Directors of Sbanken ASA ('the Company') in accordance with the new Section 6-16a of the Public Limited Liability Companies Act and the Regulations relating to Guidelines for and Reporting of the Remuneration of executive management and non-executive directors . The guidelines will be presented for approval at the annual general meeting in April 2021, and will, once approved, apply to remuneration earned from 1 January 2021.

The guidelines replace the 'The Board of Directors' statement regarding determination of salaries and other remuneration to senior management' pursuant to the former Section 6-16a of the Public Limited Liability Companies Act.

2 Scope

These guidelines apply to executive management and non-executive directors in the Company, as defined in Section 6-16a of the Public Limited Liability Companies Act. The Company includes the following executive management and non-executive directors:

- (i) shareholder-elected members of the Board,
- (ii) employee-elected members of the Board, and
- (iii) executives who are members of the administration (senior management team/executive personnel).

The remuneration of other employees is not covered by these guidelines.

3 Main principles for the Company's executive management and non-executive directors remuneration and how the guidelines contribute to the Company's business strategy, long-term interests and financial sustainability

Executive management and non-executive directors remuneration is an important instrument for ensuring that the Company's interests are aligned with the interests of the executive management and non-executive directors . Shareholders have been given influence over the executive management and non-executive directors remuneration in the Company through the publication and approval of these guidelines. The overarching principle for executive management and non-executive directors remuneration is that it must be capable of attracting and retaining highly skilled executive management and non-executive directors without being wage-leading in the industry, and without the variable pay element making up such a large proportion of total compensation that it leads to unfortunate incentives and short-termism. Executive management and non-executive directors pay shall be stipulated on the basis of the responsibility and complexity associated with the position, and be calculated as an average of corresponding positions in comparable businesses.

The Company has established a remuneration scheme that applies to all employees in accordance with Chapter 15 of the Financial Institutions Regulations and the guidelines of the Financial Supervisory Authority. The remuneration scheme is intended to stimulate goal attainment while also promoting sound risk management, counteracting excessive risk-taking and helping to prevent conflicts of

interest. The Company's long-term interests and financial sustainability must be maintained. A general principle underlying the remuneration scheme is that it must be based on equal pay for equal work or work of equal value for male and female employees. The Company's remuneration must be competitive but not wage-leading. The Company carries out an annual review of how the scheme is practised, and the written report is reviewed by independent control functions.

These guidelines are intended to contribute to the Company's business strategy, long-term interests and financial sustainability by:

- (i) attracting, motivating and retaining executive management and non-executive directors with qualifications that reflect the Company's size and complexity;

- (ii) compensating executive management and non-executive directors in line with their individual performances and performance for the benefit of the Company;
- (iii) defining performance criteria that are aligned with the interests of shareholders and other company stakeholders;
- (iv) promoting healthy, effective risk management within the Company's risk appetite; and
- (v) ensuring transparency and disclosing the Company's executive management and non-executive directors remuneration.

4 Description of relevant decision-making processes

4.1 About the decision-making processes

The decision-making processes are intended to help prevent conflicts of interest and otherwise be aligned with financial regulatory requirements.

4.2 Adoption of 'Policy for the remuneration of executive management and non-executive directors at Sbanken ASA'

The Board has appointed a dedicated Organisation and Remuneration Committee, consisting of three board members, two of whom are elected by the General Meeting and one by and from among the employees. The Committee serves as an advisory body to the Board and shall ensure that the Company establishes, revises and implements the policy for the remuneration of executive management and non-executive directors at Sbanken ASA. The Organisation and Remuneration Committee organises its work in accordance with the rules of procedure applicable at all times to the Organisation and Remuneration Committee, as adopted by the Board. Proposals for material changes to the policy are considered by the Organisation and Remuneration Committee, which prepares the Board's recommendation on amendments to the General Meeting. The policy shall be presented to the General Meeting for decision at least every four years.

4.3 Decision on the remuneration of executives who are members of the administration

The Remuneration Committee is tasked with ensuring a thorough and independent preparation of matters relating to the remuneration of executive personnel.

Pay, other remuneration and material terms and conditions for the CEO are considered by the Organisation and Remuneration Committee, which prepares the Board's decision on the CEO's remuneration.

Pay, other remuneration and material terms and conditions for other executives who are members of the administration are considered by the CEO, who prepares the Organisation and Remuneration Committee's decision on the remuneration of other executive personnel. The Board is informed about the Committee's decisions.

4.4 Decision on the remuneration of board members

The General Meeting has appointed a Nomination Committee, consisting of three members elected by the General Meeting. The remuneration of members of the Board and board committees is considered by the Nomination Committee, which, in accordance with rules of procedure adopted by the General Meeting, prepares the General Meeting's decision on the remuneration of board members. The board members shall receive fixed remuneration and not performance-based pay. The amount of remuneration should reflect the complexity, responsibilities and time commitment of the office and be in line with corresponding remuneration in comparable companies. The fee paid to individual board members is specified in the annual report. The Company also covers travel expenses and other expenses incurred by board members in connection with their office. In addition to the directors' fee adopted by the General Meeting, employee-elected board members also receive other remuneration such as basic pay etc. from the Company.

5 Consideration of pay and employment conditions for other employees when drawing up the guidelines

When drawing up the 'Policy for the remuneration of executive management and non-executive directors at Sbanken ASA', and when adopting the remuneration of the executive management and non-executive directors, the Organisation and Remuneration Committee shall take account of the remuneration scheme applicable to the Company's employees in general.

In the same way as for executive management and non-executive directors, basic pay for other employees is decided on the basis of the responsibility, complexity, qualifications and seniority associated with the position. The basic pay is reviewed annually and adjusted in accordance with wage developments in the financial industry and society.

The performance-based remuneration scheme applies to all the Company's employees. It is decided by the Board based on the Company's overarching strategies and is part of a general, non-discretionary remuneration policy.

The Board may decide that employees of the Company shall be given an opportunity to buy shares in the Company at a discount, within the maximum rates applicable at all times under the Taxation Act concerning tax-free benefits for employees when purchasing shares in the Company. The decision is made on the basis of the same principles that apply to executives who are members of the administration. In addition, employees of the Company may choose to use their net performance-based pay to buy shares in the Company at a discount of 20 % of the current market price, subject to a three-year lock-in period. Independent of the Board's decision and without a corresponding purchase limitation, executive management and non-executive directors may, up until 31 December 2022 and within a specified limitation, buy shares in the Company at a discount of 20 % of the current market price, subject to a three-year lock-in period.

The Organisation and Remuneration Committee carries out an annual review of the remuneration schemes for all the Company's employees.

6 Description of remuneration that can be paid to or received by executive management and non-executive directors etc.

The Company mainly emphasises basic pay as an instrument and only uses variable pay to a limited extent. The Board is tasked with ensuring that the Company abides by the rules for remuneration of executive personnel set out in Chapter 15 of the Financial Institutions Regulations, particularly Section 15-4.

The fixed component of the remuneration of executives who are members of the administration comprises:

Fixed remuneration	Purpose and link to strategy	Method of stipulation	Limit	Performance criteria
Basic pay	Fixed salary used as an instrument for attracting, engaging and retaining talent so as to contribute to long-term value creation.	The basic pay is decided on the basis of the responsibility, complexity, expertise, seniority and performance associated with the position. The basic pay is reviewed annually and adjusted in accordance with, among other things, wage developments in the financial industry and society.	The Company has no maximum salary levels.	N/A
Pension scheme	The Company's pension scheme is intended to promote retirement, long-term saving and ensure an appropriate standard of living after the age of retirement. The pension scheme shall be in accordance with the business strategy, overarching goals, values and long-term interests of the Company, cf. Section 15-4 of the Financial Institutions Act.	The Company has an occupational pension scheme in accordance with the Act relating to Mandatory Occupational Pensions. The Company's defined contribution scheme applies to the whole Company. There are no special agreements for executive personnel that include early retirement or additional pension over and above the ordinary AFP scheme for the industry.	When stipulating pension contributions, account is taken of the rates that apply to other employees of the Company and the industry practice.	N/A
Other special benefits	The Company shall offer market-based, competitive terms.	Executive personnel may receive other special benefits that are common for comparable positions in the industry, for example free phone, home computer, free broadband subscription, newspapers, car allowance, company car / car scheme and parking. Like other employees, executive personnel are covered by the Company's group life and health insurance. Executive personnel are also covered by the Company's directors' and officers' liability insurance.	The Company has not set maximum levels for the award of other special benefits. The level of the benefits is set in accordance with common practice in the market and what is considered expedient based on individual circumstances.	N/A
Severance pay schemes	Severance pay schemes are used to ensure flexibility to enable the Company to deal with the challenges it faces at all times, and shall be adjusted to the results achieved over time, and be designed such that unsatisfactory results are not rewarded, cf. Section 15-2 of the Financial Institutions Act and Section 15-4 of the Financial Institutions Regulations.	The CEO has a severance pay agreement that entitles to up to 12 months' pay upon termination of the employment relationship. Other executive personnel do not have severance pay agreements. Executive personnel are subject to a period of notice of six months.	N/A	N/A
Options and other forms of remuneration related to shares or the development of the share price	N/A	The Company does not pay other forms of remuneration to executive personnel in the form of options etc. linked to shares in the Company or the share price.	N/A	N/A

In addition to the above, the Company has a performance-based remuneration scheme and two share purchase programmes, covering all employees of the Company:

Variable remuneration	Purpose and link to strategy	Method of implementation	Limit	Performance criteria										
Performance-based remuneration	<p>The Board of the Company has adopted a performance-based remuneration scheme for all employees, intended to ensure that the Company achieves defined targets and strategies aligned with the Company's risk profile.</p> <p>The scheme is designed to ensure good cooperation across the Company's entities without encouraging individual employees to take risk on behalf of the Company.</p>	<p>The collective bonus scheme is decided annually by the Board based on the Company's overarching strategies and is part of a stipulated general, non-discretionary remuneration policy.</p> <p>Annual goal attainment and payments under the performance-based remuneration scheme are checked by the Company's control functions, including the internal audit function, before the Organisation and Remuneration Committee prepares the Board's decision to effect the payment if the performance targets have been achieved.</p> <p>The Company cannot demand repayment of payments made under the collective performance-based remuneration scheme.</p>	<p>The performance-based pay is a variable remuneration linked to the Company's goal attainment.</p> <p>The remuneration is paid in cash. The maximum amount paid under the scheme is half a monthly salary, i.e. 12.5% of the fixed remuneration. This means that the performance-based remuneration scheme is not covered by the remuneration rules, cf. section 2.2 of the Financial Supervisory Authority's Circular 2/2020.</p>	<p>The performance criteria linked to the Company's strategies mainly consist of financial and operational criteria, but may also include non-financial criteria linked to customer satisfaction, CSR, compliance and sustainability, or other non-financial criteria of relevance to the success of the Company's applicable strategy at all times. Variable remuneration under the performance-based remuneration scheme shall only be disbursed when warranted by the Company's financial position, cf. Section 15-2 of the Financial Institutions Act. The decision shall take the Company's risks and costs relating to the need for capital and liquidity into account.</p>										
Share purchase programmes	The Company's share purchase programmes shall stimulate co-ownership and commonality of interest in the Company.	The Board may decide on an annual basis that all employees, including executive personnel, shall be given an opportunity to buy shares in the Company at a discount.												
		<p>(i) All employees can buy shares in the Company up to the tax-free limit applicable at all times.</p> <p>ii) All employees may choose to use their net performance-based pay to buy shares in the Company at a discount of 20% of the current market price, subject to a three-year lock-in period.</p> <p>(iii) In addition, executive personnel and board members may, within the limits adopted, buy shares in the Company at a discount of 20% of the current market price, subject to a three-year lock-in period until 31 December 2022, in accordance with the Company's guidelines and within the following limitation:</p> <p>There is no earnings period requirement for participation in the share purchase programme.</p>	<p>(i) The limit for buying shares at a discount is the maximum rates that apply at all times under the Taxation Act concerning tax-free benefits for employees when buying shares in the Company. The applicable rates for tax-free share programmes currently make up a maximum of NOK 30,000, with NOK 7,500 in tax-free discount.</p> <p>(ii) The maximum performance-based pay that may be spent on buying shares is 1.5 times the monthly salary, i.e. 12.5% of fixed remuneration.</p> <p>(iii)</p> <table> <tr> <td>CEO</td> <td>NOK 5,000,000</td> </tr> <tr> <td>Deputy CEO</td> <td>NOK 4,000,000</td> </tr> <tr> <td>Other executive personnel</td> <td>NOK 3,000,000</td> </tr> <tr> <td>Chair of the Board</td> <td>NOK 2,000,000</td> </tr> <tr> <td>Board members</td> <td>NOK 1,000,000</td> </tr> </table>	CEO	NOK 5,000,000	Deputy CEO	NOK 4,000,000	Other executive personnel	NOK 3,000,000	Chair of the Board	NOK 2,000,000	Board members	NOK 1,000,000	
CEO	NOK 5,000,000													
Deputy CEO	NOK 4,000,000													
Other executive personnel	NOK 3,000,000													
Chair of the Board	NOK 2,000,000													
Board members	NOK 1,000,000													

7 Proportionate share of the different forms of remuneration

The Company is subject to financial regulatory requirements, and the different forms of remuneration have been devised within the limits that follow from these regulations. For executive personnel, the composition of fixed and variable remuneration shall be appropriately balanced. The fixed component of the remuneration shall be sufficiently high to allow the Company the possibility of paying no variable component at all. For executive personnel, the variable remuneration component may not constitute more than one-half of the fixed remuneration, cf. Section 15-4 of the Financial Institutions Regulations. The Company's fixed and variable payment arrangements and the limits that apply to them are described in more detail in section 6 above.

8 Annual pay report

For each fiscal year, the Board shall ensure that a pay report is prepared in accordance with Section 6-16b of the Public Limited Liability Companies Act that provides an overview of pay and remuneration disbursed and due, as covered by these guidelines. Before the pay report is considered by the General Meeting, the auditor shall verify that it contains the information required under the applicable regulations. The General Meeting will hold an advisory vote on the pay report. The pay report for the subsequent year shall explain how the result of the voting at the previous annual general meeting has been taken into account.

The first pay report will be presented to the General Meeting in 2022. Immediately after the annual general meeting and for a period of ten years, the pay report shall be publicly available on the Company's website.

9 Deviations from the guidelines

In extraordinary cases, the Board may decide to deviate from these guidelines in connection with material company events, for example changes in the Company's management, group structure, organisation, ownership or business that may require an extraordinary effort on the part of executive personnel. The deviation may consist of awarding a higher amount in variable remuneration, limited to a one-off payment that otherwise meets the company regulations applicable at all times. The maximum amount to be distributed shall follow the limitations applicable under Chapter 15 of the Financial Institutions Regulations (including that the variable remuneration component for executive personnel may not constitute more than half of the fixed remuneration).

A deviation under this point shall be objectively motivated by the common interest of all shareholders in retaining and incentivising executive personnel in extraordinary situations. The deviation shall be considered and decided by the Board and be deemed necessary for the employee in question in the situation at hand. The Board shall explain the deviation in the annual pay report presented to the General Meeting for an advisory vote the following year, cf. section 9.

The Board may not decide on a deviation under this section when it comes to the remuneration of the Board.

10 Changes in the guidelines

When changes are adopted to the guidelines, material changes shall be described in new, updated guidelines to be approved by the General Meeting. In the event of changes, the Company shall take the shareholders' views and voting into account. The guidelines shall be presented to the General Meeting for decision at least every four years.

11 Publication

These guidelines shall be dated the day of the General Meeting's approval, and made available on the Company's website together with the result of the vote, and be publicly available for ten years.