

Guidelines for determining salaries and other remuneration for leading persons at Sparebanken Sør

These guidelines have been prepared by the Board of Sparebanken Sør and are presented for approval by the Board of Trustees in March 2022 in accordance with the Financial Undertakings Act § 15-6, cf. the Public Limited Liability Companies Act § 5-6 third paragraph and the Public Limited Liability Companies Act § 6-16 a and b with associated regulations.

The guidelines shall be revised as necessary, at least every four years, and at the latest in connection with the Board of Trustees meeting in 2026. The guidelines are based on the existing remuneration scheme determined in accordance with the Financial Undertakings Act, Chapter 15, with associated regulations.

The guidelines will apply for salary and remuneration amounts set for leading persons after the ordinary Board of Trustees meeting in 2022, as well as changes in agreed remuneration after that date.

“Leading persons” in these guidelines are defined as CEO as well as the directors of the Group management team. The guidelines also include salary and other remuneration for staff who are members of the Board.

How the guidelines promote the Bank's business strategy, long-term interest and financial sustainability

Sparebanken Sør aims to create sustainable growth and development in the region. Successful implementation of the Bank's business strategy requires that the Bank recruits and retains high-performance and skilled employees and managers. The Bank's further growth and profitability depends on employees' efforts to continuously develop the business and improve profitability.

The Bank will offer a market-based remuneration scheme that is perceived as competitive and motivating, and which acts as a successful tool in the competition for labour.

The remuneration scheme will always be in accordance with the applicable legal requirements for remuneration schemes in financial enterprises.

The guidelines are intended to provide a framework for remuneration of leading persons so that the terms support the Bank's business strategy, long-term interests and sustainability goals. The guidelines should promote and provide incentives for good management of and control over the Bank's risks, discourage excessive risk-taking and help avoid conflicts of interest.

Components included in the remuneration of leading persons

Remuneration to leading persons consists of a fixed annual remuneration, as well as a variable remuneration linked to performance. The compensation can consist of the following elements:

- Fixed salary
- Variable pay
- Pension benefits
- Other rewards and benefits

Fixed salary

The fixed salary is the main element in the remuneration to leading persons and should reflect the job requirements with regard to qualifications, responsibilities, complexity and contribution to the Bank's overall business objectives.

The fixed salary figures for leading persons shall be reviewed regularly, normally in connection with the annual salary review for employees of Sparebanken Sør. The guidelines for determining the salary of the CEO are set by the Board.

Remuneration to the directors of the Group management is determined by the CEO in consultation with the Bank's Remuneration Committee.

Current legal requirements for remuneration schemes in financial companies are based on a sound balance between fixed salary and variable remuneration. The maximum variable remuneration is 12.5 percent of the fixed salary for leading persons in the Bank. This balance between the fixed salary and variable remuneration will affect the level of the competitive fixed salary for leading persons.

Variable remuneration

Bonus basis for leading persons

Employees who are members of the Board also participate in the Bank's general bonus scheme for all employees, which can trigger a bonus of up to 1.5 months' salary. The bonus is paid out as a cash benefit.

Bonus for employees who are members of the Board

Employees who are members of the Board also participate in the Bank's general bonus scheme for all employees, which can trigger a bonus of up to 1.5 months' salary. The bonus is paid out as a cash benefit.

Termination of employment

The employee must be at his post on 31 December of the year of service in order to receive the bonus

Pension benefits

The collective pension scheme for all employees – including leading persons – for salaries up to 12 G (12 times the social security base amount), is based on defined contributions. The contribution rates are within the current regulations in the Defined Contribution Pensions Act.

The CEO and the directors reporting to the CEO, have also agreed on compensation schemes for pension accrual above 12 G.

For the CEO, the early retirement scheme is applicable from the age of 62 and up to 67. This early retirement benefit is 67 percent of the fixed salary. For the Deputy CEO, the early retirement benefit is applicable from the age of 62 and up to 67. This early retirement benefit is equal to 66 percent of the fixed salary. For the Director of Risk Management, the early retirement benefit is applicable from the age of 65 and up to 67. This early retirement benefit is equal to 66 percent of the fixed salary. There are individual deposit-based agreements for early retirement and old-age pension for salaries over 12 G for this group.

For other directors of the Group management, the old-age pension for salaries above 12 G is deposit-based – with the same rates as for salaries between 7 G and 12 G.

Severance pay schemes

For the CEO, it is agreed that they will receive up to 12 months' severance pay in the event of imposed resignation before the end of the agreed period of service. There are no general severance pay schemes for other leading employees.

Other goods and benefits

Other benefits, which may include, for example, a company car or car allowance, travel allowance, life and disability insurance, discounted savings programmes in the Bank's equity certificates, personal and health insurance and medical examination, must be on market terms and constitute only a limited part of the total remuneration.

Remuneration under extraordinary circumstances

Additional remuneration may be paid under extraordinary circumstances, provided that such extraordinary arrangements are made only at the individual level and with a view to either recruiting or retaining a leading employee, or as compensation for extraordinary work beyond a person's normal duties. Such remuneration must always – together with other remuneration – be within the limits of the remuneration schemes that can be used in financial undertakings.

Decisionmaking process for the establishment, revision and implementation of the guidelines

The Board of Sparebanken Sør shall have a Remuneration Committee. This Committee shall develop the Board's proposed guidelines for compensation to leading persons. Guidelines decided upon shall be published without delay on the company's website after the Board of Trustees has adopted the guidelines.

The Board's right to derogate from the guidelines

The Board of Directors may, after a proposal from the Remuneration Committee, decide to temporarily deviate from points 4 to 8 of the guidelines, in whole or in part, if in a specific case there is a special reason, and such derogation is necessary to safeguard the company's long-term interests and sustainability, and the Group's financial viability.