

# Remuneration report 2023 for Executive management

## Introduction

The report has been prepared in accordance with Section 6-16 b of the Norwegian Public Limited Liability Companies Act and the Norwegian regulations relating to guidelines for and reporting on remuneration for directors. When preparing the report, reference has been made to the European Commission's template for remuneration reports, cf. section 6 (3) of the Norwegian regulations relating to guidelines for and reporting on remuneration for directors.

## Highlights

Gross loans to customers amounted to NOK 11.8 billion at the end of 2023, an increase of 22,3% compared to 2022. Split on product segments, loans increased by NOK 2 285 million and credit cards increased by NOK 236 million. The point of sales (POS) financing product, where new sales were discontinued in Q2, decreased by NOK 373 million and migrated to our standard loan product by the end of the year.

## The Bank's results and remuneration in 2023

The Bank's total remuneration package shall encourage behaviour that build a desired culture for performance and result orientation. The total remuneration package shall contribute to the Bank attracting and keeping employees with the right profile related to characteristics, competence, and experience. The total remuneration package shall further contribute to and provide incentives for risk management and risk control, counteract high risk taking, avoid conflicts of interest and maintain profitability in the long run.

The management remuneration shall at any time be determined considering the Bank's financial situation, the Bank shall not be salary leading yet at the same time the remuneration shall be competitive. The remuneration system shall be easy to explain and administer but flexible enough to adjust when changes are required. The remuneration system shall also be compliant with the Bank's remuneration policy and ethical guidelines. The remuneration policy is designed to:

- Contribute to the business strategy, long term interests and the Bank's sustainability
- Strengthen the common interests of Morrow Bank employees and shareholders
- Reflect the Bank's total results and financial results
- Be competitive and adjusted to the local market

Morrow Bank's framework for remuneration is linked to the Bank's strategy and values. Performance is evaluated along two dimensions: achieved results and the way the results have been achieved. This is the core of the Bank's value-based performance culture and implies that goal achievement and behaviour is equally valued when we recognize and reward individual performance.



**TABLE 1 - REMUNERATION OF DIRECTORS FOR THE REPORTED FINANCIAL YEAR IN NOK '000**

Name of Director/ position	Year	1 Fixed remuneration			2 Variable remuneration		3 Extra-ordinary items	4 Pension expense	5 Total Remuneration	6 Poportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
Ulrik Graff Bakkevold, Employee elected deputy Board member from 19.01.2023	2023  2022		8							
Stina Åslund Employee elected deputy Board member until 19.01.2023	2023  2022		3  6							
Joseph Suleiman Employee elected deputy Board Member until 30.11.2022	2023  2022		2  6							
Base salary		Fixed monthly payments								
Fees		Related to Board membership								
Fringe benefits		Income addition related to free telephone, internet and group life insurance								
Variable remuneration, one year variable		Variable remuneration paid in the financial year deducted for holiday pay on the 50% part that is not share options								
Pension expense		The bank's contribution to the employees pension scheme								
Proportion of fixed and variable remuneration		Calculation of fixed to variable part of the total remuneration								

### Share-based remuneration

Due to changes in the regulations for variable compensations (Finansforetaksforskriften §15-4, §15-5), the Bank decided to award variable remuneration in cash only in 2023 (related to the financial year 2022). Hence now new options were awarded in 2023.

The previously awarded options as part of variable remuneration are assigned as share options with a strike price of NOK 1. The share options are vested linearly over a 3-year period, first time 1 year after bonus award, i.e., with 1/3 in year 1, 1/3 in year 2 og 1/3 in year 3.

Any share option assignment takes place according to the Bank's Stock Option Plan

The Bank's Stock Option Plan includes only share options.

**TABLE 2 - SHARE OPTIONS ASSIGNED OR VESTED TO DIRECTORS FOR THE FINANCIAL YEAR**

The main conditions of share option plans							
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting date	5 End of holding period	6 Exercise period	7 Strike price of the share
Øyvind Oanes, CEO	Previous plans	2016-2021	2017-2022	2018-2023	2023 - 2025	2021 - 2025	NOK 1
	Warrants	2023 - 2027	10/03/2023	01.01.26 - 31.12.27		01.01.26 - 31.12.27	NOK 8
Eirik Holtedahl, CFO	Previous plans	2016-2021	2017-2022	2018-2023	2023 - 2025	2021 - 2025	NOK 1
	Warrants	2023 - 2027	10/03/2023	01.01.26 - 31.12.27		01.01.26 - 31.12.27	NOK 8
Wilhelm B. Thomassen, COO	Previous plans	2016-2021	2017-2022	2018-2023	2023 - 2025	2021 - 2025	NOK 1
	Warrants	2023 - 2027	10/03/2023	01.01.26 - 31.12.27		01.01.26 - 31.12.27	NOK 8
Annika Ramstedt, CCRO	Previous plans	2016-2021	2017-2022	2018-2023	2023 - 2025	2021 - 2025	NOK 1
	Warrants	2023 - 2027	10/03/2023	01.01.26 - 31.12.27		01.01.26 - 31.12.27	NOK 8
Enok S. Hanssen, CCO, until 30.09.2023	Previous plans	2016-2021	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Warrants						
Martin Valland, CTO	Previous plans	2016-2021	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Warrants	2023 - 2027	10/03/2023	01.01.26 - 31.12.27		01.01.26 - 31.12.27	NOK 8
Tony Rogne, CCO, from 01.12.2023	Previous plans	2016-2021	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Warrants						

## Information regarding the reported financial year

	Opening balance	During the year		Closing balance		
	8 Share options awarded at the beginning of the year	9 Share options awarded	10 Share options vested	11 Share options subject to a performance condition	12 Share options awarded and unvested	13 Share options subject to a holding period
Øyvind Oanes, CEO	0	0	1,250,000		1,250,000	
<b>Total</b>	<b>0</b>	<b>1,250,000</b>	<b>0</b>	<b>0</b>	<b>1,250,000</b>	<b>0</b>
Eirik Holtedahl, CFO	110130		66598		43,532	
		800,000		-	800,000	-
<b>Total</b>	<b>110130</b>	<b>800,000</b>	<b>66598</b>	<b>-</b>	<b>843,532</b>	<b>-</b>
Wilhelm B. Thomassen, COO	357864		130632		227,232	
		800,000		-	800,000	-
<b>Total</b>	<b>357,864</b>	<b>800,000</b>	<b>130,632</b>	<b>-</b>	<b>1,027,232</b>	<b>-</b>
Annika Ramstedt, CCRO	326,819		20,298		306,521	
		800,000		-	800,000	-
<b>Total</b>	<b>326,819</b>	<b>800,000</b>	<b>20,298</b>	<b>-</b>	<b>1,106,521</b>	<b>-</b>
Enok S. Hanssen, CCO, until 30.09.2023	394,176		350,763		43,413	
				-	-	-
<b>Total</b>	<b>394,176</b>	<b>-</b>	<b>350,763</b>	<b>-</b>	<b>43,413</b>	<b>-</b>
Martin Valland, CTO	-		-		-	
		800,000		-	800,000	-
<b>Total</b>	<b>-</b>	<b>800,000</b>	<b>-</b>	<b>-</b>	<b>800,000</b>	<b>-</b>
	<b>1,188,989</b>	<b>4,450,000</b>	<b>568,291</b>	<b>0</b>	<b>5,070,698</b>	<b>0</b>
Tony Rogne, CCO, from 01.12.2023	-		-		-	
				-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>1,188,989</b>	<b>4,450,000</b>	<b>568,291</b>	<b>0</b>	<b>5,070,698</b>	<b>0</b>

### Claw back clause

Before every variable remuneration award, a risk adjustment process should be carried out, in effect a risk coordination mechanism where previous years' remuneration is reduced using a claw back clause for share options awarded. The risk adjustment shall be performance related. The Bank's guidelines for variable remuneration includes a claw-back clause, saying if there is a negative development in the Bank's results, or specifically in the Director's business area, the awarded variable remuneration can be recalled fully or in parts three consecutive years after receiving variable remuneration. Variable remuneration shall only be paid if it is justifiable based on the company's overall financial position, the department's performance, and the employee's individual results.

No claw-backs related to previous year's options were made during the evaluation of the variable remuneration for 2022. The variable compensation paid for 2022 was paid in cash only.

### Information on how the remuneration matches the guidelines and how result criteria were used

For Directors, employees that have a significant influence on the Bank's risk exposure, and employees that have control functions, the remuneration is based on an overall evaluation where the main emphasis for the variable part of the remuneration is based on achieved results, portfolio management (including solidity and liquidity management), how the Bank's strategy plans are carried out and compliance with agreed framework for risk tolerance. Also included in the evaluation overall goal achievement, development over time and the Bank's long-term interest be considered. The overall evaluation should be based on both quantitative and qualitative indicators.

For 2022 the variable remuneration was awarded on a discretionary basis by the Board of directors. The variable remuneration equaled 25% of the receiver's annual fixed salary. The variable remuneration was paid less holiday pay and tax. No options were awarded.

**TABLE 3 - DIRECTORS' PERFORMANCE IN THE REPORTED FINANCIAL YEAR**

Name of Director, position	1 Description of the performance criteria and type of applicable remuneration	2 Relative weighting of the performance criteria	3 Information on Performance Targets		4 a) Measured performance and b) actual award outcome
			a) Minimum target/threshold performance and b) corresponding award	a) Maximum/target performance and b) corresponding award	
Eirik Holtedahl, CFO	Discretionary part		OK performance	Very strong performance	100%
			0%	100%	446
Wilhelm B. Thomassen, COO	Discretionary part		OK performance	Very strong performance	100%
			0%	100%	480
Annika Ramstedt, CCRO	Discretionary part		OK performance	Very strong performance	100%
			0%	100%	424
Enok S. Hanssen, CCO to 30.09.2023	Discretionary part		OK performance	Very strong performance	100%
			0%	100%	383

## Deviations from guidelines

Variable remunerations were awarded according to the guidelines specified in Styrets retningslinjer for variable godtgjørelser (the Board's guidelines for variable remuneration), approved by the Board in March 2023.

## Comparative table over the remuneration and company performance over the last five reported financial years (RFY)

TABLE 5 - COMPARISON OF CHANGES IN DIRECTOR'S REMUNERATION AND THE BANK'S RESULTS

Annual change	2019	2020	2021	2022	2023
Director's remuneration					
Øyvind Oanes, CEO from 01.10.2021			1,028	1,028	4,234
Eirik Holtedahl, CFO	2,212	2,384	2,881	2,881	2,847
Wilhelm B. Thomassen, COO	2,521	2,477	2,841	2,841	2,955
Annika Ramstedt, CCRO	2,408	2,870	2,833	2,833	2,801
Tony Rogne, CCO from 01.12.2023					182
Enok S. Hanssen, CCO, until 30.09.2023	2,153	1,999	2,310	2,310	1,913
Eivind Bagås, Compliance <sup>1</sup>	1,383	1,788	1,937	1,937	
Ove Holstangen, Risk Control <sup>1</sup>		1,455	1,537	1,537	
Steffen Ryengen, CTO, resigned 28.02.2022	2,790	2,794	2,951	2,951	
Henning Fagerbakke <sup>1</sup>	1,772	2,183	2,591	2,591	
Jan Haglund, resigned 30.06.2021	4,571	4,676	3,643	3,643	
Christina Pedersen, resigned 31.12.2021	2,014	2,262	2,490	2,490	
Company performance					
Profit After Tax NOK MILL	203.0	263.0	-209.0	0.9	151.8
Net loans to customers NOK mill	8,496.0	8,361.0	7,398.0	9,640.0	11,788.0
Non-financial metric number of employees	140.0	150.6	142.0	87.0	73.7
Average remuneration on a full-time equivalent basis of employees					
Employees of the company	632	655	715	780	942
Employees of the group					

If any discrepancies between this table and previous reported tables, please consider the current table correct

<sup>1</sup> Not part of the leadergroup in 2022

## Information on advisory vote

The report on salaries and other remuneration for executive management in 2022 was considered by the Annual General Meeting on 13 April 2023. The Annual General Meeting endorsed the report by advisory vote.

