

# Report on salary and other remuneration paid to management employees in 2022

## Introduction

While the war in Ukraine has had no direct impact on Komplett Bank's business so far, it contributes to increased macroeconomic uncertainty. Reduced economic growth, increasing unemployment and diminishing savings rates could reduce demand for consumer financing from creditworthy individuals, reduce existing customers' ability to service their loans and limit the Bank's access to capital. Implemented mitigating actions include Komplett Bank's geographical diversification, strengthening of refinancing offering and continuous surveillance of risk development in the loan portfolio.

## Highlights

Gross loans to customers amounted to NOK 9.6 billion at the end of 2022, an increase of 17.3% compared to 2021. Due to subpar returns, the Bank has made the decision to discontinue its POS financing product effective as of 1 May 2023. Net interest income amounted to NOK 793.3 million in 2022, down 10.2% compared to 2021. Loan interest rates were increased across markets during 2022 to mitigate the margin impact of the higher deposit rates. However, increased interest rates were offset by higher deposit rates, and mandatory rate adjustment notification periods in Norway and Finland. Additionally, new customers are on lower interest rates than the average in the Bank's existing loan book, as loan interest rates in general have declined over the past years due to lower market interest rates and increased competition.

## The Bank's results and remuneration in 2022

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 Komplett Bank employees and shareholders
- Reflect the Bank's total results and financial results
- Be competitive and adjusted to the local market

Komplett 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.



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

50% of the awarded variable remuneration is 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.

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

A theoretical share option premium should be calculated for each option, according to acknowledged methods for option pricing and best estimates for Fair Market Value. The employee will be assigned options where the sum of the option premium equals 50% of the total variable remuneration. The remaining 50% should be paid net of holiday pay and taxes.

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 from 01 Oct 2021	No options awarded						
Eirik Holtedahl, CFO	Previous plans	2016-2020	2017-2021	2018-2022	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Wilhelm B. Thomassen, COO	Previous plans	2016-2020	2017-2021	2018-2022	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Annika Ramstedt, CCRO	Previous plans	2016-2020	2017-2021	2018-2022	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Enok S. Hanssen, CCO	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Eivind Bagås, Compliance	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Henning Fagerbakke, CFO until 12 Jan 22	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Steffen Ryengen, CTO to 28 Feb 22	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1

## 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 from 01 Oct 2021							
<b>Total</b>							
Eirik Holtedahl, CFO	121,025		44,885	55,780	0	65,245	0
					0	44,885	0
					0	0	
<b>Total</b>	<b>121,025</b>		<b>44,885</b>	<b>55,780</b>	<b>0</b>	<b>110,130</b>	<b>0</b>
Wilhelm B. Thomassen, COO	330,470		49,802	22,408	0	308,062	0
					0	49,802	0
					0	0	
<b>Total</b>	<b>330,470</b>		<b>49,802</b>	<b>22,408</b>	<b>0</b>	<b>357,864</b>	
Annika Ramstedt, CCRO	311,806		53,129	38,116	0	273,690	0
					0	53,129	0
					0	0	
<b>Total</b>	<b>311,806</b>		<b>53,129</b>	<b>38,116</b>	<b>0</b>	<b>326,819</b>	
Enok S. Hanssen, CCO	391,959		43,176	40,959		351,000	0
						43,176	0
					0	0	
<b>Total</b>	<b>391,959</b>		<b>43,176</b>	<b>40,959</b>	<b>0</b>	<b>394,176</b>	
Eivind Bagås, Compliance	193,559		33,484	11,298	0	182,261	0
					0	33,484	0
					0	0	
<b>Total</b>	<b>193,559</b>		<b>33,484</b>	<b>11,298</b>	<b>0</b>	<b>215,745</b>	
Henning Fagerbakke, CFO until 31 Jan 22	130,756		46,020	58,762	0	71,994	0
					0	46,020	0
					0	0	
<b>Total</b>	<b>130,756</b>		<b>46,020</b>	<b>58,762</b>	<b>0</b>	<b>118,014</b>	
Steffen Ryengen, CTO to 28 Feb 22	443,734		38,982		0	443,734	0
					0	38,982	0
					0	0	
<b>Total</b>	<b>443,734</b>		<b>38,982</b>	<b>0</b>	<b>0</b>	<b>482,716</b>	

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
Ove Holstangen, Risk Control to 31 Dec 22	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Christina Pedersen, COO until 06 Dec 2021	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1
Jan Haglund, CEO until 23 Jun 2021	Previous plans	2016-2020	2017-2020	2018-2021	N/A	2021 - 2025	NOK 1
	Stock Option Plan 2022	2021	07 Apr 2022	2023 - 2025	N/A	07 Apr 2027	NOK 1

## 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	
Ove Holstangen, Risk Control to 31 Dec 22	17,151		10,067		7,084		
		34,104		41,188	-7,084		0
				0	0		
<b>Total</b>	<b>17,151</b>	<b>34,104</b>	<b>10,067</b>	<b>41,188</b>	<b>0</b>		
Christina Pedersen, COO until 06 Dec 2021	267,851	0	19,927	0	247,924		0
	0	32,802	0		32,802		0
					0		
<b>Total</b>	<b>267,851</b>	<b>32,802</b>	<b>19,927</b>	<b>0</b>	<b>280,726</b>		
Jan Haglund, CEO until 23 Jun 2021	1,328,711	0	28,491	0	1,300,220		0
					0		0
					0		
<b>Total</b>	<b>1,328,711</b>	<b>0</b>	<b>28,491</b>	<b>0</b>	<b>1,300,220</b>		
<b>Grand total</b>	<b>3,537,022</b>	<b>376,384</b>	<b>285,808</b>	<b>41,188</b>	<b>3,586,410</b>		<b>0</b>

### Claw back clause

Before every option assignment a risk adjustment process should be carried out, in effect a risk coordination mechanism where the 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 related to share options 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.

Variable remuneration for 2021 (paid in 2022) is awarded according to the Bank's guidelines. No claw-backs related to previous year's options were made during the evaluation of the variable remuneration for 2021.

### 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.

Qualitative indicators (constitutes 50% of awarded variable remuneration): The qualitative part is discretionary and basically consists of an evaluation of the Director personal goal achievement. Qualitative indicators can be:

- Compliance with internal and external regulations
- Strategic targets/KPIs within the Director's business area
- Contribution to the Bank's activities.

Quantitative indicators (constitutes 50% of awarded variable remuneration): For the quantitative part of variable remuneration, clear criteria are set for minimum target achievement and when the targets are reached. For profitability- and balance-sheet targets it is a clear connection with the Bank's plans and targets, where target achievement is evaluated based on a 5-step matrix ranging from 0 to 125%.

Specific targets are set for the different steps in the matrix. The sustainability targets support the Bank's plans, with clear targets, and the variable remuneration is depending on meeting the criteria.

- Profitability
- Balance-sheet
- Sustainability targets

The sustainability targets are relating to how we operate and how we are perceived by our customers. Mostly it is quantitative targets with some qualitative targets, in total measuring our quality of operations and compliance to laws and regulations.

Awarded variable remuneration cannot at any time surpass 50% fixed salary even if target achievement should be higher than 100% for any of the variable remuneration targets.



TABLE 3 - COMPARISON OF CHANGES IN DIRECTOR'S REMUNERATION AND THE BANK'S RESULTS

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, Deputy CEO CFO from 1 Feb 22	Profit after Tax - PAT	1/6	0% NOK 0	125% NOK 354 mill	0% 0
	Stage 1 & 2 gross loans	1/6	0% NOK 6.600 mill	125% >NOK 7.600 mill	75% 64
	Sustainability Goals	1/6	Not reached 0%	Reached 100%	100% 86
	Discretionary part	1/2	OK performance 0%	Very strong performance 100%	71% 364
Wilhelm B. Thomassen, Director HR & Legal, COO from 06 Dec 2021	Profit after Tax - PAT	1/6	0% NOK 0	125% NOK 354 mill	0% 0
	Stage 1 & 2 gross loans	1/6	0% NOK 6.600 mill	125% >NOK 7.600 mill	75% 71
	Sustainability Goals	1/6	Not reached 0%	Reached 100%	100% 95
	Discretionary part	1/2	OK performance 0%	Very strong performance 100%	71% 404
Annika Ramstedt, CCRO	Profit after Tax - PAT	1/6	0% NOK 45 mill	125% NOK 320 mill	0% 0
	Stage 1 & 2 gross loans	1/6	0% NOK 6.600 mill	125% >NOK 7.600 mill	75% 69
	Sustainability Goals	1/6	Not reached 0%	Reached 100%	100% 92
	Discretionary part	1/2	OK performance 0%	Very strong performance 100%	71% 389
Enok S. Hanssen, Director Loan and POS	Profit after Tax - PAT	1/6	0% NOK 45 mill	125% NOK 320 mill	0% 0
	Stage 1 & 2 gross loans	1/6	0% NOK 6.600 mill	125% >NOK 7.600 mill	75% 56
	Sustainability Goals	1/6	Not reached 0%	Reached 100%	100% 75
	Discretionary part	1/2	OK performance 0%	Very strong performance 100%	71% 316
Eivind Bagås, Compliance	Profit after Tax - PAT	0			
	Stage 1 & 2 gross loans	0			
	Sustainability Goals	0			
	Discretionary part	1/1	OK performance 0%	Very strong performance 100%	57% 383
Ove Holstangen, Risk Control	Profit after Tax - PAT	0			
	Stage 1 & 2 gross loans	0			
	Sustainability Goals	0			
	Discretionary part	1/1	OK performance 0%	Very strong performance 100%	57% 390

### 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 2022.

**TABLE 4 - COMPARISON OF CHANGES IN DIRECTOR'S REMUNERATION AND THE BANK'S RESULTS**

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

Annual change	2018	2019	2020	2021	2022
Director's remuneration					
Øyvind Oanes, CEO from 01 Oct 2021				1,028	4,100
Eirik Holtedahl, CFO	1,432	2,212	2,384	2,881	2,631
Wilhelm B. Thomassen, COO	2,089	2,521	2,477	2,841	2,854
Annika Ramstedt, CCRO	1,797	2,408	2,870	2,833	2,689
Enok S. Hanssen, CCO	1,763	2,153	1,999	2,310	2,370
Eivind Bagås, Compliance <sup>1</sup>		1,383	1,788	1,937	
Ove Holstangen, Risk Control <sup>1</sup>			1,455	1,537	
Steffen Ryengen, CTO, resigned 28 Feb 2022	2,198	2,790	2,794	2,951	354
Henning Fagerbakke <sup>1</sup>		1,772	2,183	2,591	
Jan Haglund, resigned 30 Jun 2021	2,322	4,571	4,676	3,643	
Christina Pedersen, resigned 31 Dec 2021	1,406	2,014	2,262	2,490	
Raimond Pettersen <sup>2</sup>	3,235				
Tommy Österlund <sup>2</sup>	2,095				
Niels Harald Ursin-Holm <sup>2</sup>	1,864				
Company performance					
Profit After Tax NOK MILL	331.0	232.0	263.0	-209.0	0.9
Net loans to customers NOK mill	7,844.0	8,496.0	8,361.0	7,398.0	9,640.0
Non-financial metric number of employees	111.0	140.0	150.6	142.0	87.0
Average remuneration on a full-time equivalent basis of employees					
Employees of the company	702	811	701	815	805
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

<sup>2</sup> Not part of the leadergroup from 2019

### Information on advisory vote

The result of the AGM vote in 2022 is taken into consideration when evaluating the variable remuneration.



