

## **REMUNERATION POLICY**

The enclosed declaration for the determination of salary and other remuneration to the management will be presented to the ordinary general meeting by the board of directors for an advisory vote pursuant to sections 5-6(3) and (4) and 6-16a of the Norwegian Public Limited Liability Companies Act.

Eksporfinans' remuneration policy reflects applicable regulations from the Norwegian Ministry of Finance regarding remuneration in the financial sector dated December 1, 2010, as amended on December 20, 2010 and on August 22, 2014, and supplemented by a circular memo issued by the Norwegian FSA (Finanstilsynet) on December 1, 2014. The policy also reflects the guidelines for employment conditions for leaders in government owned entities and companies issued by the Ministry of Trade and Fisheries on February 13, 2015.

In November 2011 the Norwegian government terminated the agreement with Eksporfinans for the issuing and management of new export credits on its behalf. Following this, stay-on fees have been used as a tool to ensure a competent staff to manage Eksporfinans' complex portfolio of loans, funding, derivatives and liquidity placements. In 2015, variable pay has only been given in connection with deferred payments of variable pay granted to executives in 2011 and 2013.

### **PERSONS COMPRISED BY THE POLICY**

Eksporfinans has an established remuneration policy for all employees. The policy includes special rules applicable to executive management, employees with special responsibility for the company's risk exposure and other employees and elected officers with similar compensation, as well as employees involved in control activities. In Eksporfinans the management team includes the president and CEO and other executives reporting to the CEO. The policy applies to all new agreements of employment in general.

### **DECISION-MAKING PROCESS**

The board of directors has established a remuneration subcommittee consisting of two board members appointed for one year periods. The employee's representative on the board is an observer in the remuneration committee. The committee ensures that Eksporfinans at any given time practices guidelines and frameworks for a compensation scheme that will apply to the whole company in general and for certain specified categories of employees, including the management, in particular.

The board of directors is responsible for adopting the elements to be included in the executive management's compensation plans and guidelines for the determination of the actual annual compensation (the amount of the various elements of the plan). The board also sets the annual compensation for the president and CEO.

### **REMUNERATION TO EXECUTIVE MANAGEMENT**

#### **General points**

In this policy, compensation plan means a pay package that may include the following elements: fixed and/or variable pay, stay-on fees, benefits in kind, a pension plan and severance pay.

To ensure access to qualified executives, the management's compensation plans shall be competitive and on a par with the remuneration applicable for positions in the owner banks with which it would be natural to compare the company's management positions.

The management's compensation plans shall not unfavorably affect the company or damage its reputation. The board of directors shall assess each element of the compensation plan jointly, as a whole. The board of directors shall receive an overview of the aggregate value of the agreed remuneration of the executive management on an annual basis. Members of the executive management shall not receive any

special remuneration for board appointments in Eksportfinans' subsidiaries. Agreements on remuneration entered into before these guidelines came into force shall be upheld.

## **Components**

### **Fixed salary**

The main element of the company's compensation plan shall be the fixed salary.

### **Options and share programs**

As long as the ownership provisions in the company's current articles of association are not amended, share options or share programs shall not be used in any form as an element of the management's compensation plans.

### **Stay-on fees**

Eksportfinans offers stay-on fees to all employees, excluding the president and CEO. This is used to maintain a skilled and professional staff going forward, given the company's current business model. The annual stay-on fee may in certain cases exceed six months fixed pay.

### **Variable pay**

Since 2012, variable pay has only been used to a very limited degree, as one of the elements of the executives' compensation plans. When granted, the following principles shall apply:

- There must be a clear connection between the targets on which the variable pay is based and the company's objectives.
- Variable pay must be based on objective, definable and measurable criteria. The criteria shall be based on circumstances the executive may influence.
- Several target criteria shall be used and all shall be relevant.
- The variable pay element must be transparent and easy to understand. When giving an account of the plan, an essential objective must be to clarify the anticipated and maximum payment of each executive.
- The plan shall be limited in time.
- Total variable pay in one year shall normally not exceed six months' fixed pay.

### **Pension plan**

Pension benefits for executive management shall be based on the pension benefits of other employees. At the same time the benefits shall be on a par with the benefits of positions in the owner banks with which it would be natural to compare the company's executive positions.

The board of directors shall receive an overview of the total costs of the pension plan before any agreement is signed. Any commitments the company undertakes through the management's pension scheme shall, to the extent practicable and reasonable within the framework of current laws and regulations, be covered by entering into a pension insurance agreement with a life insurance company.

Eksportfinans' pension plan for all employees hired after January 1, 2012 is a defined contribution scheme, which was in line with the pension plans of its largest owner banks.

In line with the guidelines for employment conditions for leaders in government owned entities and companies issued on February 13, 2015, accumulation of pension benefits for salaries exceeding 12 G (public pension base rate) shall not be included in new employment contracts.

The retirement age for the current president and CEO is set at 67 years. For members of the executive management recruited prior to June 2012, the retirement age is set at 65 years. For members who joined

the executive management after June 2012, the retirement age is set at 67 years. In the case of future employment of executive managers, the retirement age will be set at 70 years in accordance with the revised Working Environment Act.

### **Severance pay**

Where a member of the company's executive management has previously agreed to waive the provisions relating to employment protection rights in the Working Environment Act, an agreement on severance pay may be made. Severance pay shall not normally be used in case of voluntary resignation. The severance pay scheme shall be adjusted to the results obtained over time, and ensure that failure to obtain agreed results is not a basis for severance pay.

The severance pay shall not exceed twelve months' fixed pay in addition to any pay during the period of notice. Severance pay may also contain other financial benefits and benefits in kind. In case of appointment to a new position elsewhere, severance pay shall be reduced by a proportionate amount, calculated on the basis of the new annual income. Such reduction may only be made after expiry of the ordinary period of notice for the position.

In connection with workforce reduction processes, severance pay may be agreed in case of voluntary resignation, and the above-mentioned upper limit of twelve months' fixed pay may be exceeded. This applies if the calculation of the executive's severance pay is made pursuant to the rules applying to the severance pay of other employees. A reduction in severance pay mentioned in this paragraph shall only be made if required under the internal general rules regarding severance pay in connection with a workforce reduction process.

Severance pay may be withheld if the terms for summary dismissal are present.

### **Benefits in kind**

The nature and value of benefits in kind shall be on a par with what is customary in the owner banks with which it would be natural to compare the company's executive positions.

### **Remuneration to employees with risk exposure responsibilities**

The regulations regarding variable pay to executive management mentioned above shall also apply to employees with special responsibility for the company's risk exposure and to other employees or elected officers with similar compensation.

### **Remuneration to employees involved in control activities**

Remuneration to employees involved in control activities shall be independent of the results in the business area they control. The regulations regarding variable pay to executive management mentioned above shall also apply to employees involved in control activities.

### **Remuneration to elected officers**

The regulations regarding variable pay to executive management mentioned above shall also apply to elected officers.

### **DECLARATION FOR 2015**

The board of directors confirms that the declaration for the determination of salary and other remuneration approved in April 2015 has been followed in 2015. In 2015, there have been no changes in the personnel comprised by this policy.