

Statement of the Board of Directors pertaining to corporate governance policies

SpareBank 1 Boligkreditt A/S

SpareBank 1 Naeringskreditt A/S

(date of last change: 15.03.2024)

Corporate Governance

The Board of Directors of SpareBank 1 Boligkreditt / SpareBank 1 Naeringskreditt (the “Company” or “Companies”) has decided that the Company shall follow the Norwegian recommendation for corporate governance dated as of December 4th 2007, and amended on October 14th 2021. This include those elements and adjustments that follows from the fact that the Company has few shareholders, as well as that the shares are not exchange listed nor subject to regular trading.

According to point 1 of the recommendation, the Board of Directors shall provide a statement of the Company’s corporate governance as part of the annual report. This is the annual Board of Director’s statement for the Company’s corporate governance.

SpareBank 1 Boligkreditt issues EU Covered Bonds (Premium) solely based on individual Norwegian residential mortgages, while Naeringskreditt issues the same type of bonds based on a cover pool with a diversified mix of commercial property mortgages, including also a certain kind residential mortgages not applicable in Boligkreditt.

1. Corporate governance introduction

Anchored in the Company’s main strategy, goals, strategies and values have been established, which are the foundation of the governance of the Company. The business is run in accordance with Norwegian law, public permits and internal rules.

The Board of Directors has clarified the values underpinning the Company, in accordance with established ethical lines of guidance. A set of instructions has also been established for the Board of Directors and the Managing Director. Guiding principles of governance, shareholders’ rights and duties are also enshrined in the shareholder agreement.

The Board of Directors has created guiding principles for societal responsibility. The responsibilities are described in a separate document pertaining to the requirements in the Transparency Act. However, the Company has no external activities targeted towards customer acquisition, treatment of customers or in another way targets any role other than providing refinancing for its owner banks by issuing covered bonds, based on a pool of mortgages acquired from these banks. The Company issues green

bonds and its owner banks have signed the UN Global Compact and the UNEP Finance Initiative, which the Company also seeks to support.

2. Business

The Company's business purpose, as stated in the Articles of Association is: "The business purpose is to make or acquire residential mortgages, commercial mortgages or loans to the public sector, and to finance this lending by the issuance of covered bonds and associated other necessary issuance of debt and equity instruments"

The Board of Directors has determined goals and strategy for the business:

SpareBank 1 Boligkreditt/Naeringskreditt's vision is to deliver reliable financing to its owner banks, on conditions that are eon par with the best competitors in the relevant market place

This is to be achieved through:

- 1) achieve and maintain a AAA rating for the issued covered bonds.
- 2) that SpareBank 1 Boligkreditt and Naeringskreditt are well known amongst the covered bond investors, in the relevant geographic markets, and that the Companies are seen as serious, trustworthy, and transparent entities.
- 3) that SpareBank 1 Boligkreditt and Naeringskreditt actively ensure that the owner banks have qualified a sufficient volume of the relevant mortgages, which are available for transfer from the banks to the Companies.

The purpose of the Companies, as a financing tool for the owner banks, is furthermore not to target the highest possible equity owner return through maximum net profits and dividends, but to transfer back to the owner banks a net interest income, after Company funding and operative costs, on a regular basis throughout the year.

Due to the limited Company role of financing the owner banks, the Companies are embedded in their owner banks' operations, and these banks' strategies for general ESG topics as well as societal responsibilities, are adopted by the Companies, as relevant.

As an issuer of green covered bonds, SpareBank 1 Boligkreditt is actively supporting its owner banks' goals and strategies in the area of green finance. Some or all of the owner banks are signatories to the UN Global Compact, the UN's Principles for Responsible Banking, Partnership for Carbon Accounting Financials and the Net Zero Banking Alliance. For the Company's issued green covered bonds there is a section of the SpaBol website which documents and describes this further: <https://spabol.sparebank1.no/green-bonds>

SpareBank 1 Naeringskreditt acquires its administrative services from SpareBank 1 Boligkreditt and is integrated with SpareBank 1 Boligkreditt.

3. The Company's capital and dividend

The Company's equity capitalization meets all legal and regulatory requirements, which is defined in the EU's capital requirement directives and regulation and transposed into Norwegian law. A management buffer is set and suited to the Companies goal, strateg and risk profile.

The Board of Directors have determined a transparent dividend policy for the Companies. According to this, the maximum dividend is to be distributed to the Companies owner banks which is permissible according to law and regulation. When assessing the size of the dividend payout in any given year, the important driver is the appropriate capitalization level. Standing Board of Director approvals for the Companies to issue shares, additional tier 1 bonds or subordinated debt are subject to approvals and updates regularly, as required. Normally, equity capital will increase due to the Company's growth or changes in capitalization requirements. Issuance of additional equity may happen on short notice when the owner banks plans to increase their volumes of additional mortgages financed by the Companies.

The Board of Directors has no authority to approve a dividend, but makes a proposal annually to the General Assembly of Shareholders, which decides.

4. Identical treatment of shareowners and transactions with related parties

The Companies have each one class of shares.

Increases in shares outstanding are normally rights issues. If additional banks become members of the SpareBank 1 Alliance and enters into an agreement with the Companies for selling and transferring mortgages, or an existing bank reduces their volume of mortgages financed by the Companies, a private placement of equity may take place. Private placements may more frequently take place in SpareBank 1 Naeringskreditt, because the shareholders have more diverging strategies for the transfer of commercial property mortgages to Naeringskreditt. Equal treatment of shareholders is ensured by the articles of association, the Board of Directors operating principles, ethical principles and the shareholders agreement. Transactions between all related parties are always at open market conditions.

All the Companies' shareholders are managing the end-customer relationships on behalf of the Companies. The largest shareholders are each represented by a Director on the Companies' Board of Directors.

Shareholders are treated equally for all commercial purposes. The Companies' average net funding cost is the basis for calculating the shareholders regularly received commissions, which is closely linked to the net

lending margin on financed mortgages. However, for a SpareBank 1 bank with a relatively large volume of mortgages transferred, the selling bank's credit rating, as well as the selling bank's share of green mortgages originated and transferred to the Companies (Boligkreditt), form the basis for a slightly lower interest cost of funding transmitted to such a bank. This funding advantage is paid for by the SpareBank 1 banks who are on the other end of the scales mentioned above.

There is no share buy back programme in place, and this would also not be appropriate or relevant, since all shares outstanding, and the relative distribution thereof, are related to the volume of mortgages that each shareholder bank has financed through the Companies' activities.

The Board of Directors have determined guidelines which are the Board of Directors operating principles, and the impartiality rules therein, as well as ethical principles. Further rules regarding that members of the Board and the Companies' employees report to the Board, if they directly or indirectly have a material interest in an agreement under consideration or executed by the Companies, have not been formulated. This must be seen in the context that the Companies have a very limited activity, that this activity is transparent and not at all addressing the lending decisions or lending environment of the banks, and that no Board members have any personal interests connected to the Companies or its activities. All questions related to the management of questions related to impartiality are considered covered by the ethics principles and Norwegian law.

5. Free share trading

According to the Companies' articles of association, the Companies' shares are not freely tradeable. The shares can only be transacted between parties which have a Transfer and Service Agreement with the Companies (which is the agreement for transferring mortgages).

The share distribution is also adjusted at least annually, to correspond to each of the shareholders then relative volume of mortgages financed through each Company. This redistribution is a requirement enshrined in the Shareholders Agreement. The redistribution of shares take place at book and nominal value of the shares. This is unproblematic because the net interest income is paid out as commission and any net profit is paid out as dividends annually, if legally and regulatory permissible. Values do therefore not cumulate in the Companies. If an additional equity capital need arise, the Companies will issue shares to the shareholders, rather than to retain earnings. The reason for these principles and restrictions is that the Companies function as the owner banks' financing tools.

6. General assembly of shareholders

The Companies have a limited shareholder group and structure, and usually close to 100 per cent of the shares are represented at the annual general assemblies. The Companies are seeking to structure and run the general assembly according to the Norwegian recommendations for corporate governance. For a business with few shareholders, no freely available share trading, and where all shareholders and groupings are represented on the Board of Directors, several adjustments to the recommendations are necessary and appropriate. This is predominantly related to the invitation and to the actual running of the general assembly meeting.

7. Election committee

The Companies have one election committee for Board membership, which is defined by the articles of association. The committee members are elected by the general assembly of shareholders. The election committee does not report on its finding and decisions and receive no specific remuneration for their work. The election committee is identical for several of the companies owned by the SpareBank 1 banks and consists of two members of the banks in the SpareBank 1 Alliance (usually two of the Chief Executive Officers) and one member from LO, the main Norwegian labour union, which is a minority owner in the SpareBank 1 Gruppen. This is a SpareBank 1 subsidiary which is a holding company for several SpareBank 1 companies. There is no specific instruction for the election committee. The members are never also members of the Companies' Board of Directors, which they elect. The election committee is identical for Boligkreditt and Naeringskreditt.

8. Board of Directors, constitution, and independence

The Board of Directors is constituted by 5 out of 7 representatives for the shareholders and are employed by these (usually as Chief Financial Officer, but other positions are possible). The remaining 2 members are not employed by any of the shareholders, nor do they have any material business associations with these. All shareholders or shareholder groupings are represented on the Board, in both Boligkreditt and Naeringskreditt. The Companies have separate board meetings, but on the same day. The general assembly elects the chair person and deputy. The specific Board members and their remuneration, is described in a note in the Companies' annual report. The Board members are each presented on the Companies' websites:
<https://spabol.sparebank1.no/about>

The Board of Directors consist of 3 female and 4 males. The Companies strive to achieve a gender balance both on the Board of Directors, but also amongst employees in the Companies. Norwegian law require that all Companies, according to certain criteria, have at least 40 per cent representation on their Board of Directors as of year end 2024. This is an update to the legal context, decades old, which has hitherto only required this for broadly held companies with equity freely traded on the Oslo Stock Exchange.

The Companies have no single persons as shareholders, and there are no Board members who own shares in the Companies. No employees are a member of the Board. There are 7 full time employees in the Companies and one part time Board secretary. 80 per cent of the full-time equivalents, and costs, are allocated to Boligkreditt with 20 per cent to Naeringskreditt. All employees have the same roles in the Companies.

9. The work of the Board of Directors

The Board of Directors work according to law, articles of association, the Board operating instructions and guidelines. The Board instructs the chief executive officer of the Companies. The Board employs the internal auditor in the Companies and receives reports from that function. This is in accordance with the Financial Services Authorities regulations.

The Board may create special groups or committees of the Board, but may normally not give such subgroups the full decision making power of the Board. Previous committees for external audits and risk have been removed after changes in law. The compensation committee consist of the chair of the Board of Directors and two Board members, as well as a employee representative.

The Board of Directors evaluate their own work and competencies, and these evaluations show satisfactory results. Members of the Board in the Companies have, due to the size of the Companies, a limitation with regards to their overall Board positions in other companies. This helps ensure that the members have enough time to exercise their work obligations for the Companies.

The duration of the engagement for a Board Member is 2 years, and members may be reelected to an unlimited number of 2-year periods.

10. Risk management and internal control

The Companies are as financial institutions subject to detailed rules regarding risk management and internal control. A discussion of this is presented in the Board of Directors statement in the annual report.

11. Remuneration of the Board of Directors

The remuneration of the members of the Board of Directors is detailed in the notes to the annual accounts. Th remuneration is not dependent on any result in the Companies or elsewhere and is a fixed annual amount. There are no options in existence and no option agreements with any Board members.

12. Remuneration of leading employees

The remuneration of the chief executive officer, who takes all business decisions, delegates these within certain limits to the Companies' employees, is detailed in the annual reports. There are no elements of variable compensation in the Companies, whether for the chief executive officer, nor for any other employees. There are no options nor option agreements. No employees are shareowners in the Companies, but employees can participate in a limited share buying programme. This is capped in size and comes with certain advantages, intended for long-term saving, in the shares of the Companies main owner banks, which are publicly traded.

All employees have a defined contribution retirement plan with the Companies. According to the plan, employees receive a fixed percentage of their annual salary, but which is capped at the legal maximum of 12 times the basic amount, which is a regulatory amount set and adjusted by the Norwegian government annually. The chief executive officer receives an additional wage element to compensate for the cap of 12 times the basic amount when calculating the defined benefit contribution.

13. Information and communication

The Companies have an open and transparent communications policy, especially with regards to its relevant markets in covered bonds. The Companies publishes a financial reporting calendar on its websites and reports all material changes and information about issuances on regulated exchanges. The Companies spend a large amount of with individual and groups of investors in covered bonds to explain and clarify. The communication with shareholders is well structured and frequent with regards to that the shareholders are all represented on the Board of Directors.

14. Corporate takeover

Norwegian rules and recommendations for corporate governance are not relevant pertaining to this topic because the Companies' business is limited as a financing tool for the SpareBank 1 banks, and not considered to be relevant for takeover of other companies.

15. Auditor

The Board of Directors has not set specific policies for Management's ability to engage the external auditor for in other services than the external audit. The Board has delegated authority from the Board of Directors to Management of Boligkreditt to engage the external auditors in the production of a comfort letter to the Company's Joint Lead Managers on bond issues, relating to the production and annual update of

Boligkredit's regulated Global Medium Term Covered Note Programme. Any non-audit related remuneration for the external auditor is detailed in a note to the annual report, and consists mainly of, if not exclusively, related to the comfort letter for the issuance programme.

The Board of Directors usually have an annual meeting with the external auditor without the Companies' administration present. As a consequence of new laws (EU harmonized covered bond regulations) the Companies have engaged with Deloitte as a monitor of the cover pool according the Financial Companies Act §11-14. KPMG is the internal auditor in the Companies and PwC the external auditor.