

Risk and capital management 2025

Disclosure in accordance with Pillar 3



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The first full calendar year of SpareBank 1 Sør-Norge ASA has been completed, and with the successful technical merger carried out in October 2025, the Group is now consolidated on one common technological platform. This has established an important foundation for further efficiency improvements, better governance and increased operational resilience.

In 2025, geopolitical risk remained high, characterised by persistent tensions between major powers, armed conflicts, increased tariffs and significant macroeconomic uncertainty. This development has contributed to increased volatility in the financial markets and intensified the requirements for sound risk management and capital planning.

During the year, the Group further developed comprehensive stress scenarios covering both war in Europe and increased tariffs and trade conflicts, in order to illuminate both the depth and breadth of situations of high uncertainty. The financial stress tests have been developed to identify potential vulnerabilities at an early stage, so that risk-reducing measures can be implemented rapidly when required. Extensive operational stress tests have also been conducted with the aim of ensuring stable and prudent operations in the event of severe incidents. During 2025, several improvement measures were implemented to further strengthen the Group's overall resilience.

Global economic developments in 2025 were characterised by moderate growth. Geopolitical tensions and uncertainty affected the financial markets and contributed to increased volatility. Inflation has declined from previously high levels, and policy rates have gradually been reduced in several countries.

In Norway, the interest rate increases of recent years have contributed to dampening demand and price growth. Inflation remains above target, and underlying inflation has over time remained close to 3 per cent. At the same time, unemployment has increased somewhat, and capacity utilisation in the economy has declined to a level assessed as being approximately normal. During 2025, the policy rate was reduced from 4.5 per cent to 4.0 per cent.

The housing market has stabilised after several years of strong price growth, but with significant geographical differences. The business sector has experienced increased costs, while export-oriented enterprises have benefited from a weaker Norwegian krone exchange rate. The Group's business cycle barometer, which covers approximately 66 per cent of the country's enterprises, shows that enterprises overall still expect good growth, increased employment and improved profitability in large parts of the Group's market area over the next 12 months. At the same time, it is pointed out that uncertainty related to US policy, tariffs and geopolitical developments may dampen expectations. It is also emphasised that the situation remains challenging within the construction industry, and that the investment level is generally low.

Effective from 31 December 2025, Finanstilsynet reduced the Group's institution-specific capital requirement (Pillar 2) from 2.4 per cent (including a temporary add-on of 0.5 per cent) to 1.4 per cent, while at the same time the capital requirement margin was reduced from 1.25 per cent to 1.00 per cent. The reduction reflects, inter alia, increased industry and geographical diversification, sound risk management and improved quality in the credit portfolios.



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- In August 2025, the Group received IRB approval from Finanstilsynet, the Financial Supervisory Authority of Norway, for the former SpareBank 1 Sørøst-Norge's residential mortgage and corporate portfolios. The approval was granted on the same terms as for the former SpareBank 1 SR-Bank, reflecting sound risk management and high credit quality. The Group also received IRB approval for the corporate leasing portfolio. Both approvals have strengthened the Group's overall competitiveness.

In April 2025, the EU Capital Requirements Regulation, CRR3, was implemented. The Regulation introduced a new capital floor for IRB banks, whereby the capital requirement must amount to at least 72.5 per cent of the requirement under the Standardised Approach. The floor is being phased in gradually from 50 per cent in 2025 to full implementation in 2030. Calculations show that the capital floor is not expected to become binding for SpareBank 1 Sør-Norge after full implementation.

The Ministry of Finance decided to raise the risk-weight floor for residential mortgages from 20 to 25 per cent, in line with Finanstilsynet's recommendation, with effect from 1 July 2025. The floor for commercial real estate exposures remained at 35 per cent.

The Group is assessing various adjustment measures to address the new floor level. In the fourth quarter of 2025, the Group implemented new and improved IRB models for the corporate portfolio. Over time, these models are expected to contribute to a further strengthening of the credit quality. In 2025, SpareBank 1 Sør-Norge maintained a manageable ICT risk profile despite a high pace of change and increased complexity. The completed technical merger and platform modernisation placed additional pressure on the organisation, without resulting in any material security incidents or major operational disruptions. New regulatory requirements, particularly related to DORA, impose stricter expectations

for governance, control and digital operational resilience, and have required significant attention in 2025.

Geopolitical tensions continue to sustain an elevated threat level related to hybrid warfare, including cyberattacks and sabotage of physical ICT infrastructure. Despite this, the Group also did not experience serious security incidents in 2025. The introduction of more advanced and accessible artificial intelligence gives rise to new threats that require robust security processes to manage the risk. The Group monitors the threat landscape and is working to improve the detection and handling of security and ICT incidents, strengthen compliance with new regulatory requirements and ensure sufficient technology and resources for efficient operations. Targeted measures have been implemented, that make SpareBank 1 Sør-Norge well positioned to manage the increased risks and ensure stable and secure operations.

The Group's operational risk governance has not changed materially, despite a more severe threat landscape. This is enabled by the Group's systematic and data-driven process for identifying and quantifying potential operational risks, and for continuously assessing and implementing necessary risk-mitigating measures. During the past year, the first line of defence has also been strengthened through increased resources related to operational risk responsibilities.

Sustainability and climate risk have been an important part of the risk picture. Although the EU has simplified certain reporting requirements, expectations regarding the Group's role in the green transition have increased. SpareBank 1 Sør-Norge has integrated climate risk into credit processes and capital planning, and the risk management function has played a central role in ensuring a balanced approach between sustainable development and prudent risk management.



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In 2025, SpareBank 1 Sør-Norge maintained a clear focus on further developing the risk management function and strengthening efforts to ensure compliance with regulatory requirements. Macroeconomic uncertainty and increased digitalisation have at the same time imposed higher requirements for resilience and flexibility. The experience from the year shows that risk management is a strategic resource that contributes to the Group's long-term stability, competitiveness and customer trust. Through extensive scenario analyses, stress tests and a strong risk culture, the Group is well equipped to meet future national and global challenges. Going forward, the Group will continue to strengthen capital management, further develop advanced models for credit risk and invest in digital solutions that combine efficiency and security, while sustainability is integrated into all parts of the business.



Frode Bø
Executive vice president
risk management, CRO

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The risk and capital management of SpareBank 1 Sør-Norge ASA shall ensure financial robustness and create financial and strategic added value through:

- A strong risk culture
- A clear management and control structure that promotes independence
- A strong understanding and management of the risks that drive earnings and losses
- Preventing single events from seriously damaging the group's financial position
- Pricing products and services based on underlying risk
- Effective raising and use of capital that reflects the chosen risk profile

The Board of Directors of SpareBank 1 Sør-Norge is kept continuously informed of the Group's risk development through regular reports and established escalation routines. The Board of Directors determines annually the Group's overall risk appetite both in normal economic conditions and in the event of severe economic downturns. This includes the determination of targets/limits for profitability, largest single loss, solvency, liquidity, credit quality, financial rating and sustainability rating. The Group's actual and expected risk exposure, compared with the adopted risk appetite, is reviewed quarterly by the Risk Committee and the Board of Directors. Scenario analyses and stress tests are central tools in this work, so that the Group is as well prepared as possible for severe economic downturns or other serious events.

The Board of Directors considers the Group's risk management to be effective and well adapted to both risk appetite and business strategy. During 2025, there were no breaches of the overall adopted risk appetite. The Board of Directors

annually sets the Group's risk appetite, as well as other relevant risk limits for credit, market, liquidity and operational risk.

Credit risk is managed through the framework for credit granting, exposure follow-up and portfolio management. The Group's credit strategy comprises overarching strategic limits that ensure a diversified portfolio and a satisfactory risk profile. The primary focus in lending is the customer's debt servicing capacity, and weak or absent debt servicing capacity cannot be compensated for by good collateral. The strategic limits establish requirements and restrictions for the loss profile and portfolio quality, with particular focus on concentration risk related to large individual customers and industries. In order to avoid undesired concentration risk, the limits impose restrictions on exposure and risk profile at portfolio level, as well as for various industries and individual customers, in addition to the rules for large exposures. Specific credit-related guidelines have been prepared for industries or segments with particular risk.

The Board of Directors is responsible for the Group's loan and credit approvals, but delegates, within certain limits, credit authorities to the Group Chief Executive Officer, who may in turn further delegate these within his or her own authorities. Particular emphasis shall be placed on ensuring that customers' operations are in compliance with applicable laws and regulations, and that the operations have a long-term perspective. The Group's sustainability policy is reflected in the general credit-related guidelines, including a requirement that all financing shall comply with the Group's guidelines relating to environmental, social and corporate governance matters. The Group also has guidelines that support



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- the Group's anti-money laundering (AML) policy. The Group has IRB approval from
- Finanstilsynet and uses credit models actively for risk classification, risk pricing,
- capital calculations and portfolio management.

Liquidity risk is managed through the Group's overall liquidity strategy, which is reviewed and adopted by the Board of Directors at least annually. Liquidity management is based on conservative limits and reflects the Group's moderate risk profile. The Group's Treasury department is responsible for liquidity management, and the risk management department monitors and reports the utilisation of limits in accordance with the liquidity strategy. The Group's lending is financed primarily by customer deposits and long-term securities debt. Liquidity risk is limited by distributing the securities debt across different markets, funding sources, instruments and maturities.

Market risk is managed through a market risk strategy that defines the Group's risk appetite. The strategy, which is adopted annually by the Board of Directors, contains specific risk limits, reporting lines and authorities. Market risk in SpareBank 1 Sør-Norge relates predominantly to the Group's long-term investments in securities. In addition, the Group has a certain exposure to market risk from activities that support ordinary deposit and lending operations. The Group's exposure to market risk is moderate and is monitored through conservative limits based on stress tests and analyses of adverse market movements.

Operational risk is managed through the risk strategy, which is determined annually by the Board of Directors, as well as through a separate policy for operational risk. The strategy contains the Group's risk appetite, with limits for permitted risk exposure. The policy sets out governing principles and requirements for the identification, assessment, management, monitoring and reporting of operational risk, with an associated allocation of roles and responsibilities. The Group has a dynamic approach to the management of

operational risk and performs regular analyses to identify weaknesses and new or changed risks. Undesirable incidents that occur are recorded and followed up systematically in order to extract lessons learned and avoid recurrence, and the Board of Directors receives a quarterly report with an overview of recorded incidents. Furthermore, all material change initiatives undergo a standardised risk assessment process in order to avoid the changes introducing undesired risk. Risk-reducing measures are assessed and implemented on an ongoing basis.

Climate and environmental factors as risk drivers are an integrated part of the Group's risk management processes. SpareBank 1 Sør-Norge identifies and assesses climate-related risks and opportunities that may affect customers, business areas and operations. The Group's lending portfolio undergoes annual stress tests to identify climate risk, with particular focus on the corporate portfolio, including agriculture. The Group uses a common SpareBank 1 risk framework for the assessment of sustainability risk (ESG score), which is used in connection with credit approval and renewal of corporate customers with consolidated exposure above NOK 10 million. The framework contains assessment criteria for several specific industries and includes inherent risk by industry.

Compliance risk is managed by practising the Group's compliance framework as set out in the Group's policy for compliance. This policy describes the Group's obligations to comply with applicable regulatory requirements and the main principles for responsibility and organisation in connection with compliance with laws, regulations and internal guidelines. The Group's framework for managing compliance risk is designed to prevent the Group from incurring public sanctions, fines or financial loss as a result of non-compliance with the regulations. The Board of Directors has determined that the Group shall have a low risk appetite for compliance risk, which means that regulations shall be interpreted using a conservative approach. SpareBank 1 Sør-Norge places great emphasis on maintaining a strong compliance culture and integrating compliance into all governance and decision-making processes. The Group's strategies, policies,



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- standards and procedures constitute the governing framework that ensures that
- both regulatory requirements and the Group's own requirements are complied with.
-

Ownership risk SpareBank 1 Sør-Norge is part of the SpareBank 1 Alliance. The cooperation is organised through the jointly owned companies SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA and their subsidiaries, in addition to several other companies directly owned by the SpareBank 1 banks. The SpareBank 1 Alliance is a central part of SpareBank 1 Sør-Norge's long-term operations. The Group's governance of its ownership in the SpareBank 1 Alliance is regulated by alliance agreements, shareholder agreements and distributor agreements. In addition, the Bank owns other companies directly and has several wholly owned subsidiaries. Ownership risk is defined in a separate policy, the purpose of which is to ensure a holistic, risk-based and professional approach to ownership risk in the Group. Ownership risk is assessed as a distinct risk within operational and strategic risk, and is treated with the same systematic approach as the other risk categories.

Key figures	31.12.2025	31.12.2024
Return on Equity	12.80 %	10.90 %
Return on Equity Adjusted for Goodwill	13.80 %	11.70 %
Rating	Aa3	Aa3
Common Equity Tier 1 Capital Ratio	17.57 %	18.01 %
Leverage Ratio	7.30 %	7.67 %
MREL	37.20 %	39.20 %
Deposit to Loan Ratio	55.20 %	50.40 %
LCR	182 %	189 %
NSFR	132 %	134 %
Impairment on loans retail market in % of lending	0,05 %	0.10 %
Impairment on loans corporate market in % of lending	0.30 %	0.30 %
Share of the corporate market lending portfolio	33.80 %	34.90 %
Share of the retail lending portfolio	65.10 %	66.20 %





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Stavanger, March 12 2026

Finn Haugan
Chair of the board

Maria Tho

Trine Sæther Romuld

Heine Wang

Jan Skogseth

Kjetil Skjæveland

Camilla AC Tepfers

Hanne Myhre Gravdal

Sally Lund-Andersen

Eirik P. Elholm

Inge Reinertsen
Chief Executive Officer, CEO

Frode Bø
Executive Vice President
Risk Management, CRO

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Risk and capital management at SpareBank 1 Sør-Norge shall ensure financial robustness and create financial and strategic added value.

This Pillar 3 report is prepared in accordance with the applicable capital adequacy regulations and is intended to provide the market with in-depth insight into the Group's approach to risk and capital management. The report meets the requirements for disclosure of information on risk and capital management and supplements the information found in the annual report, quarterly reports and Factbook.

Financial and strategic added value shall be created through:

- A strong risk culture
- A clear management and control structure that promotes independence
- A strong understanding and management of the risks that drive earnings and losses
- Preventing single events from seriously damaging the group's financial position
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- Effective raising and use of capital that reflects the chosen risk profile

The report is published annually, while information on capital adequacy and minimum requirements for eligible capital is updated quarterly in separate appendices. For details on the Group's remuneration scheme, please refer to the annual report and the separate executive remuneration report.

To ensure that financial institutions assess and manage risk effectively and are robust against economic fluctuations and shocks, they are regulated by financial authorities. The capital adequacy framework is based on three pillars, which together form the foundation for the regulation of financial institutions:

Pillar 1: Quantitative minimum requirements for eligible capital and description of calculation methods for risk-weighted volume and what constitutes eligible capital.

Pillar 2: Requirements for risk management and internal control, including requirements for internal processes for assessing risk exposure and capital needs (ICAAP). Under Pillar 2, supervisory authorities may impose additional capital requirements if they believe that other capital requirements do not adequately capture the underlying risk in an institution.

Pillar 3: Requirements for reporting and disclosure of financial information. Pillar 3 aims to enable the market to assess the financial institution's risk and capital management.

The Board of Directors at SpareBank 1 Sør-Norge reviews the report before publication. The Pillar 3 report is not subject to external audit.



2. Risk management and control



The core purpose of the banking industry is to create value by assuming deliberate and acceptable risk. SpareBank 1 Sør-Norge therefore invests significant resources in the further development of risk management systems and processes that are in line with leading international practice.

Overall risk exposure

SpareBank 1 Sør-Norge is exposed to various types of risk, and the most important ones are:

Credit risk: the risk of loss resulting from the customer's or counterparty's inability or unwillingness to fulfil their obligations.

Liquidity risk: the risk that the group is unable to refinance its debt or does not have the ability to fund increases in assets without significant additional costs.

Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets.

Operational risk: the risk of losses due to weak or inadequate internal processes or systems, human error, or external incidents.

Climate risk: the risk of financial losses and financial instability as a result of physical climate change and society's response to it.

Ownership risk: the risk of SpareBank 1 Sør-Norge suffering negative results from stakes in strategically owned companies or of the group having to inject fresh

equity into these companies. Owned companies are defined as companies where SpareBank 1 Sør-Norge has a significant stake and influence.

Compliance risk: the risk that the Group incurs public sanctions, fines or financial loss as a result of non-compliance with the regulations and/or breaches of licensing provisions.

Pension risk: the risk of increases in future pension liabilities.

Business risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e., customers, counterparties, stock market and authorities.

Reputational risk: the risk of a failure in earnings and access to capital because of lack of trust and reputation in the market, i.e., customers, counterparties, stock market and authorities.

Strategic risk: the risk of losses resulting from the wrong strategic decisions.

Concentration risk: the risk of an accumulation of exposure to an individual customer, sector or geographical area arising.

Model risk: risk of loss, underestimation of capital needs and/or incorrect decisions as a result of errors in the development, implementation, application or monitoring of models.

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- One of the ways in which the group's risk is quantified is through the calculation of expected losses and risk-adjusted capital. Expected losses describe the amount that the group must expect statistically to lose during a 12-month period, while risk-adjusted capital describes how much capital the group believes it needs to cover the actual risk to which the group is exposed. Since it is impossible to fully protect against all losses, the group has stipulated that the risk-adjusted capital shall cover 99.9 per cent of potential unexpected losses.

The Internal Capital Adequacy Assessment Process (ICAAP)

The purpose of the Policy for Risk and Capital Management is to provide guidelines for the Group's overall attitudes and principles for risk and capital management, and to ensure that the Group has an efficient process for this. Furthermore, the policy shall ensure that the internal framework satisfies laws, regulations and best practices for good risk and capital management.

The process of risk and capital management in SpareBank 1 Sør-Norge builds on the following main principles:

- The group's risk and capital management framework shall be documented and based on best international practices.
- The group shall have a management and control structure that promotes prudent, independent management and control.
- The risk and capital management shall form an integral part of the management and decision process.
- Risk and capital management shall support the group's strategic development and achievement of objectives while ensuring financial stability and sound management of assets.
- The group shall have a good risk culture characterised by a high awareness of risk and capital management.
- The board must approve the group's desired risk profile on at least an annual basis.
- SpareBank 1 Sør-Norge shall have a risk appetite that provides a sufficient buffer in relation to the group's risk capability and ensure that no single events can seriously damage the group's financial position.

- The risk identification process must be implemented regularly, forward-looking and cover all significant areas of risk.
- Quantification of risk must be based on recognised methods and be sufficiently conservative to properly take account of any weaknesses in the model.
- Thorough analyses must be carried out of the identified risks to understand the risks' effects on income, costs and losses.
- Based on the risk analysis, effective management and control measures shall be established for the individual risks. Measures that reduce probability shall be prioritized over measures that reduce consequences.
- The group must prepare a minimum 5-year financial prognosis at least once a year, and this must as a minimum cover expected financial developments, as well as a period involving a serious financial setback. The serious financial setback must be severe, but realistic.
- Return on economic capital shall be one of the most important strategic result measurements for the internal control of SpareBank 1 Sør-Norge. The credit-based framework for EAD in the bank's internal market divisions must be determined based on risk-adjusted returns.
- The group must carry out comprehensive, periodic risk follow-up and reporting.
- The group shall, as far as it is possible, price activities and products in line with the underlying risk to ensure the right level of risk is assumed.
- The group must draw up robust recovery plans so it can manage critical situations in the best possible way should they arise.
- The group must have clear, unambiguous definitions of the various types of risk.

To ensure an effective and suitable process, the framework is based on different elements that reflect the way the board and management manage SpareBank 1 Sør-Norge. The main elements are described in the figure below.



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Main elements in the risk and capital management process



The group's strategic target

The framework for management and control is based on the group's current strategic target.

Defining the risk profile

The board shall approve the Group's risk profile at least annually. SpareBank 1 Sør-Norge defines its risk profile by calculating the Group's risk capacity and then determining the Group's risk appetite. Risk capacity and risk appetite are defined on the basis of criteria such as profitability, rating, solvency, liquidity and credit quality, and are set both for a normal business cycle and for a severe economic downturn.

The risk capacity describes the maximum risk exposure the group can bear before it is forced into an unwanted situation and needs to evaluate necessary recovery measures.

The willingness to bear risk describes the maximum desired risk exposure from an earnings and loss perspective, given the defined risk capacity. The difference

between risk capacity and risk appetite expresses the group's desired safety buffer.

Risk identification and analysis

The process for risk identification is forward-looking and covers all the group's significant risk areas. In areas where the effect of the established control and management measures is not considered satisfactory, improvement measures are implemented. Thorough analyses of the identified risks are conducted to understand their characteristics and the effect of established control and measurement measures.

Measures that reduce probability shall take precedence over measures that reduce consequences. Up-to-date documentation should be available for all the important parts of the group's business areas. This documentation should specify the control and management measures that have been established, levels of risk, and references to any instructions, authorities and specifications. An annual risk strategy is prepared each year based on this risk analysis. The strategy specifies acceptable levels of risk, and targets for risk-adjusted returns.



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○ Financial projections

- Various financial projections are made annually:
- • Financial projection of expected financial development over the next five years.
 - • Financial projection of severe economic setbacks based on various scenarios, which include for example:
 - Climate
 - Political instability
 - Building of financial bubbles

Financial projection of expected financial development

The financial forecast of expected development is based on the group's projection for the current period. The projection reflects the group's strategic objectives, business plans, capital adequacy requirements, and expected macroeconomic development for the coming years. The purpose of the forecast is to illustrate how these factors affect the group's financial development, measured in return on equity, funding situation, and capital adequacy

Financial projection of a serious economic downturn (stress test)

The purpose of the financial projection of a serious economic downturn is to:

- Evaluate potential losses based on different economic scenarios.
- Evaluate the vulnerability of portfolios/activities.
- Increase the understanding of how a shock would affect the group's profitability, liquidity situation and capital adequacy.
- Evaluate potential losses based on different strategic possibilities.
- Identify weaknesses in the group's risk strategies and processes to help develop risk mitigation measures and prepare contingency plans.

The forecast often has a time horizon of 5 years, thereby covering an expected business cycle. To assess the consequences of economic setbacks for SpareBank 1 Sør-Norge, the group focuses significantly on the areas of the economy that influence the financial development. These are primarily developments in credit

demand, the stock market, the interest rate market, and developments in credit risk. In addition to having consequences for the returns on the underlying assets, an economic setback will also affect customers' saving behavior.

Capital allocation

Risk-adjusted return is one of the most important strategic result measurements in SpareBank 1 Sør-Norge. Risk-adjusted return is based on the calculation of risk-adjusted capital, which describes what level of capital the group must hold to cover an unexpected loss within a year. The calculation is made with a confidence level of 99.9 per cent. This implies that capital is allocated to business areas in accordance with the calculated risk of the operation. Return on capital is continuously monitored.

Evaluation and measures

The abovementioned financial projections provide the executive management team and the board with sufficient understanding of the risk to make proper strategic choices and at the same time ensure that the group has an acceptable risk profile. Based on the analysis, SpareBank 1 Sør-Norge develops capital plans to achieve a long-term and effective capital management and ensure that the group's capital adequacy is acceptable, given the risk exposure and strategic targets. SpareBank 1 Sør-Norge has also prepared recovery plans to the extent possible be able to handle emergencies if they nevertheless arise. The recovery plans cover:

- Capital adequacy
- Liquidity risk
- Operational risk

Reporting and follow-up

The group's overall risk exposure and risk trends are reported to the executive management team and the board in periodic risk reports. The Risk Management Department performs general risk monitoring and reporting, and the department



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- is independent of the different business units in the group; the department
- reports directly to the CEO. All managers are responsible for the day-to-day risk
- management within their area of responsibility and must continuously ensure that
- the risk exposure is within the limits set by the board or CEO.
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Risk reporting to the board

The table below shows the regular reports on risk and compliance to the board.

Regular reports on risk and compliance:

Frequency	Report
Monthly	Liquidity and market risk: The monthly report is the second line assessment of the risk profile within liquidity and market risk. The monthly report provides a status on key metrics with analyses and comments.
Quarterly	Risk report: The risk report is the second-line assessment of the risk picture. The risk report provides an overview of the risk situation, with analyses and comments.
Quarterly	Compliance report: Compliance prepares a report on the status and development of the compliance situation. The reporting is Compliance's independent assessment and shall provide a clear overall picture of SpareBank 1 Sør-Norge's compliance risk.
Quarterly	Undesired incidents: The quarterly undesired incidents report provides an overview of the development in registered incidents as well as the financial consequences of these. Significant events are highlighted together with a description of the consequences and follow-up.
Annual	ICAAP report: The ICAAP report contains a detailed description of SpareBank 1 Sør-Norge's process for self-evaluation of the risk and capital situation. SpareBank 1 Sør-Norge's process for self-evaluation of the liquidity situation ILAAP (Internal Liquidity Adequacy Assessment Process) describes and assesses the liquidity situation for the entire group.
Annual	Validation report: The validation officer prepares an annual validation report which forms the basis for the board of SpareBank 1 Sør-Norge to decide whether the risk management system (IRB system) is well integrated in the organization and whether it calculates the risk level and capital requirements in a satisfactory manner.
Annual	Recovery plan: The recovery plan is an important part of SpareBank 1 Sør-Norge's preparedness. An important part of the recovery plan is a description of various identified measures that can improve SpareBank 1 Sør-Norge's capital coverage and liquidity situation in an imagined crisis. The plan is revised annually. The status of defined recovery indicators is reported to the board every quarter.



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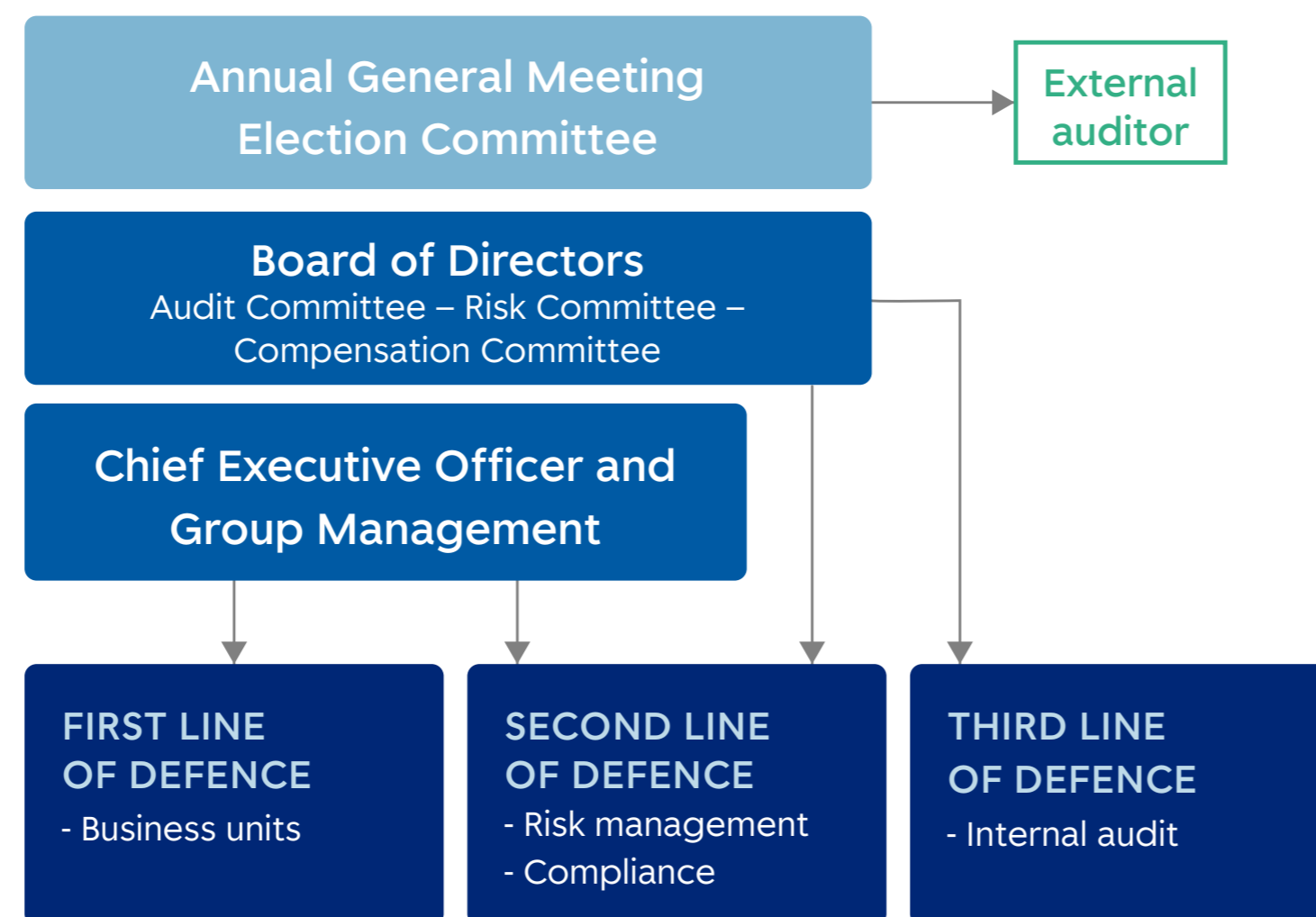
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○ Roles and responsibilities

- SpareBank 1 Sør-Norge values independence in management and control, and the responsibility is divided between different roles in the organisation. Through the
- General Assembly, the shareholders execute the highest authority in the Group.
- The Group values a control and management structure that encourages targeted and independent management and control.

Governing bodies



The Board of Directors approves the Group's risk profile and framework for risk and capital management, and ensures that the Group is sufficiently capitalised in accordance with regulatory requirements and the chosen risk profile. The Board of Directors shall further ensure that the risk profile and framework for risk and capital management are adequately communicated, implemented and followed up with sufficient authority and resources.

The Chief Executive (CEO) is responsible for the overall risk management. This means that the CEO is responsible for implementing the framework for risk and capital management in the Group. The CEO is also responsible for ensuring that the risk exposure at all times is within the Group's chosen risk profile and in accordance with the risk strategies.

Managers of the business and support areas and employees are responsible for the day-to-day risk management within their area of responsibility. They must at all times ensure that risk management and risk exposure are in accordance with the framework, and that risk exposure is within the given limits.

The Risk Management department is led by the Chief Risk Officer, who reports directly to the CEO. The department is organised independently of the business units and the CRO has the option to report directly to the Board of Directors if extraordinary situations should indicate it. The department is responsible for the further development of the framework for risk and capital management so that it works effectively and as intended. The department is also responsible for independent follow-up of risk exposure in accordance with risk appetite and risk strategy. It shall also prepare proposals for risk profile and risk strategies that ensure financial robustness and efficient use of the Group's equity. The department shall have sufficient breadth and depth in competence and capacity.

The Compliance department is headed by the Executive Vice President Compliance, who reports directly to the CEO. The department is organised independently of the business units and is responsible for further developing the Group's framework for managing compliance risk. The compliance function shall be an effective, independent and objective control and advisory function that works systematically and on a risk-based basis to identify, follow up and report developments in the Group's compliance risk to the Board of Directors and management. The Executive Vice President Compliance shall also be able to communicate directly with the Board of Directors if circumstances are uncovered



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- that are, or may be, contrary to the Group's compliance policy. The function is
- responsible for monitoring regulatory requirements, identifying, assessing and
- monitoring material compliance risks, preparing risk-based activity plans for
- monitoring and control, and proposing and evaluating improvement measures.
- The function shall also assist in providing advice and training in regulatory requirements and be involved in the Group's process for evaluating new, or material changes to existing, processes, products and services.

The Internal Audit is responsible for systematically evaluating and reviewing the effectiveness and appropriateness of the Group's control and management structure, framework for risk and capital management, internal control and compliance. Internal Audit is risk-based and evaluates, on a rolling basis, both these frameworks and compliance with them. Internal Audit shall be independent and have sufficient competence and capacity. Internal Audit reports to the Board of Directors.

Committees

The risk committee shall generally follow up the Group's risk exposure and framework for risk and capital management. It shall have the authority to investigate all activities and matters relating to the Group's overall risk and may obtain information from any employee. All employees and representatives shall provide the information and assistance the Risk Committee may request. The Risk Committee may carry out any investigations it considers necessary to perform its tasks, including obtaining external advice and assistance. It reports to the Board of Directors on the execution of its tasks. The individual member has no special external responsibility in that capacity. Neither the Board's responsibility nor the individual Board member's responsibility is reduced by the Risk Committee's activities. The Risk Committee held seven meetings during 2025.

The balance committee advises on the operative management of the Bank's balance sheet within the limits set by the Board of Directors. Its main focus is the monitoring and control of factors that directly and/or indirectly affect the Bank's funding capacity.

The credit committees are responsible for providing an independent recommendation to the mandate holder. They assess loan and credit applications in accordance with the current credit strategy, credit policy, authorisation regulations and credit processing routines.

Risk culture

By risk culture is meant the values and attitudes that are expressed through risk awareness, actions and the ability for organisational learning. A sound risk culture constitutes the foundation of sound risk management and is a prerequisite for obtaining the full benefit of policies, procedures and models. In cooperation with the University in Stavanger, the Group has developed a framework that is used to carry out regular Group-wide evaluations of risk culture. The survey is conducted every other year and was last carried out in 2023 (SpareBank 1 SR-Bank) and 2024 (SpareBank 1 Sørøst-Norge). The results show that the risk culture in the organisation is sound. The results from the measurements provide good discussions, increased awareness and insight into topics that are not usually discussed as directly. The fact that such measurements are carried out is therefore in itself considered to constitute an important contribution to a sound risk culture. A new survey has been initiated and will be carried out at the beginning of 2026.

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SpareBank 1 Sør-Norge has significantly strengthened its capital adequacy over the past years.

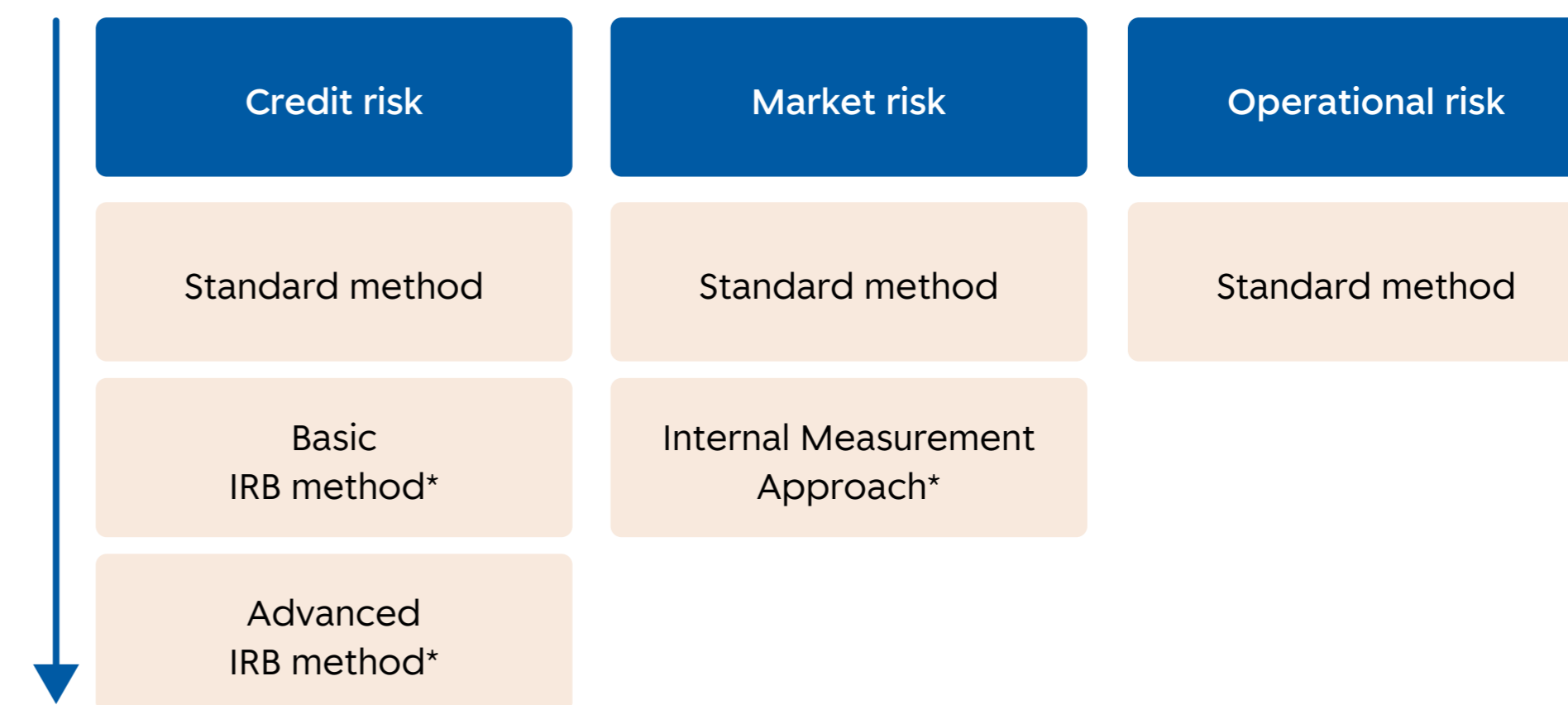
Primary capital

According to the Norwegian Public Limited Liability Companies Act, all companies must always have equity commensurate with the risk and scope of the activities of the company. In Pillar 1, the Capital Requirements Regulations define minimum requirements for the following risk types: credit, market, and operational risk.

There are in principle two different approaches for calculating the minimum requirement for responsible capital according to the capital adequacy regulations. One approach is based on template rules, while the other is based on the use of internal models. When using internal models, the regulatory minimum requirement for capital is based on the banks' internal risk assessments. This makes the statutory minimum requirement for capital coverage more risk-sensitive, so that the capital requirement matches to a greater extent the risk in the underlying portfolios or activities.

The different methods for calculating the minimum primary capital requirements in Pillar 1 are presented in the figure below.

Alternative methods for calculating the minimum primary capital requirements¹



* The methods require approval of the Financial Supervisory Authority of Norway

SpareBank 1 Sør-Norge uses the standard method for calculating capital requirements for market risk and the standardised approach for operational risk. When calculating necessary requirements for capital on credit risk, SpareBank 1 Sør-Norge has permission to use internal models for both the retail and the corporate market. This entails that internal models are used in calculating the risk parameters probability of default (PD), conversion factor (CF), used in determining exposure at default (EAD), and loss given default (LGD).

¹ The three methods available for calculating capital for operational risk will be replaced by a new standard method when the final Basel regulations entered into force in January 2022.



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IRB system

- The IRB system includes all the models, work and decision processes, control mechanisms, IT systems and internal guidelines used in the measurement and management of credit risk. SpareBank 1 Sør-Norge's objective with the IRB system is to provide a basis for sound risk management and ensure satisfactory capital adequacy according to the risk the group undertakes. The IRB system affects a substantial part of the group's operations, and since its implementation the system has helped improve the quality of risk management in SpareBank 1 Sør-Norge considerably.

The internal measurement methods used in internal risk management are reviewed in the chapter on credit risk. Regulatory calculations of risk exposure and capital requirements are based on the same systems and models used in internal risk management, but with some differences in models and model parameters.

The table on the right shows the main methods that SpareBank 1 Sør-Norge uses for calculating the minimum requirements for eligible capital for credit, market, and operational risk, respectively.

SpareBank 1 Sør-Norge's methods for calculating minimum regulatory capital requirements

Type of risk	Portfolio	Regulatory method
Credit risk*	States – parent bank	Standard method
	Institutions – parent bank	Standard method
	Housing cooperatives, clubs and associations – parent bank	Standard method
	Corporates – parent bank	Advanced IRB
	Retail – parent bank	IRB - Mass market
	Leasing	Advanced IRB
	Consumer financing and secured car loans	Standard method
	SpareBank 1 Forvaltning AS – subsidiary	Standard method
	Retail - SpareBank 1 Boligkreditt AS	IRB - Mass market
	Retail - SR-Boligkreditt AS	IRB - Mass market
Market risk	Corporates – SpareBank 1 Næringskreditt AS	Standard method
	Corporates – BN Bank AS	Advanced IRB
	Retail – BN Bank AS	IRB - Mass market
	Equity risk – parent bank	Standard method
	Debt risk – parent bank	Standard method
	Currency risk – parent bank	Standard method
Operational risk	Subsidiaries and part-owned companies	Standard method
	SpareBank 1 Sør-Norge including subsidiaries	Standardised method
	Other part-owned companies	Standard method



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○ Combined buffer requirements

● In Basel III, combined buffer requirements were introduced in addition to the minimum requirement for regulatory capital. These include the conservation buffer, systemic risk buffer, countercyclical buffer, and buffer for systemically important financial institutions.

Capital conservation buffer (2.5 per cent): The requirement for a conservation buffer of 2.5 per cent of the bank's calculation basis remains constant throughout all economic cycles. The purpose of the conservation buffer is to ensure that banks build capital in boom times to prevent the capital from falling below the minimum requirement in periods of economic downturn.

Systemic risk buffer (4.5 per cent): Systemic risk can be defined as the risk that financial instability causes disruptions to the provision of financial services to an extent that can have significant negative effects on production and employment. The Ministry of Finance decided in August to keep the systemic risk buffer requirement unchanged at 4.5 per cent.

Countercyclical buffer (0,0-2,5 per cent): In Norway, a countercyclical capital buffer in the range of 0 - 2.5 percentage points in the form of common equity is required. The purpose of the countercyclical capital buffer is to make banks more resilient and robust against loan losses. In December, Norges Bank decided to keep the countercyclical buffer requirement for banks unchanged at 2.5 per cent.

Buffer for systemically important institutions (1.0 - 2.0 per cent): Credit institutions defined as systemically important by Norwegian authorities will have an additional buffer requirement of two percent. Institutions with total assets equal to at least 10 per cent of mainland Norway's GDP, or a market share of at least five per cent of the loan market, are defined as systemically important. SpareBank 1 Sør-Norge ASA is defined as a systemically important financial institution with a special buffer requirement of 1 per cent.

Pillar 2 requirement (1.4 per cent): The Pillar 2 addition is an institution-specific addition aimed at ensuring that Norwegian banks have sufficient capital to cover the risks associated with their operations beyond those included in the regulatory minimum requirement. In 2025, the Financial Supervisory Authority of Norway imposed an individual Pillar 2 requirement of 1.4 percent. The Pillar 2 requirement must be met with 56.25 per cent pure core capital. Additionally, the Financial Supervisory Authority expects the group to have a capital requirement margin of 1 percent.

Actual capital adequacy

Actual Capital Adequacy The Common Equity Tier 1 capital ratio was 17.57 per cent, while the total capital ratio was 21.99 per cent as of December 31, 2025. This is above the requirement for a Common Equity Tier 1 capital ratio of 16.71 per cent.

Leverage ratio

The leverage ratio is a solvency indicator that complements the risk-weighted minimum requirements. The minimum leverage ratio requirement is set at 3.0 per cent for SpareBank 1 Sør-Norge. At the end of 2025, the group had a leverage ratio of 7.30 percent, thus well above the minimum requirement.

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4. Credit risk

Credit risk is the risk of loss resulting from the customers or counterparty's inability or unwillingness to fulfil his obligations.

General information on credit risk

SpareBank 1 Sør-Norge primarily has credit risk through its loan portfolio in the retail and corporate markets. Additionally, the group has credit risk through the liquidity reserve portfolio, which is mainly intended to consist of low-risk bonds and certificates that qualify for borrowing access in Norges Bank. In the description of credit risk in this section, the following terms are used:

- Probability of default (PD) – the probability for default in a twelve-month period based on a long-term outcome¹
- Exposure at default (EAD) – a calculated size that contains actual exposure and expected exposure for allocated, but not drawn limits at the time of default

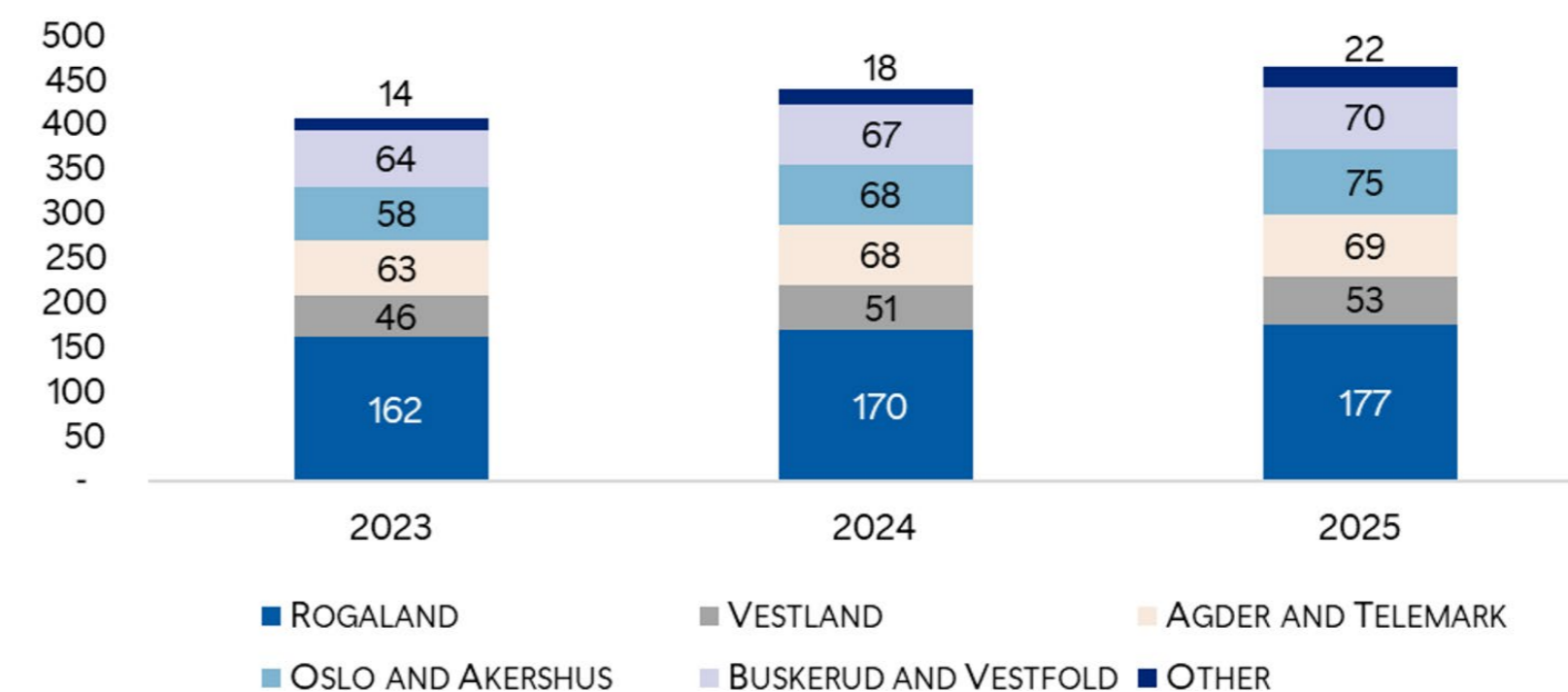
Development in credit risk²

SpareBank 1 Sør-Norge ASA has Southern Norway as its primary geographical market area, with its strongest presence in Western Norway. The figure below shows the exposure distributed by geographical areas as at December for the last three years for customers of SpareBank 1 Sør-Norge ASA (parent bank), including portfolios transferred to mortgage companies.

¹ Long term outcome through a full loss cycle of 25 years
² All figures from 2023 are pro forma/consolidated figures from SpareBank 1 Sørøst-Norge and SpareBank 1 SR-Bank.

Exposure (EAD) by geographic market areas

NOK BILLION



Exposure in Rogaland amounted to 177 billion NOK as of December 31, 2025. This corresponds to 38 percent of SpareBank 1 Sør-Norge's total loan exposure. The loan exposure in SpareBank 1 Sør-Norge consists of a well-diversified portfolio of both individual customers and corporate customers. The figure below shows the development in the loan portfolio in the retail and corporate markets over the last three years.



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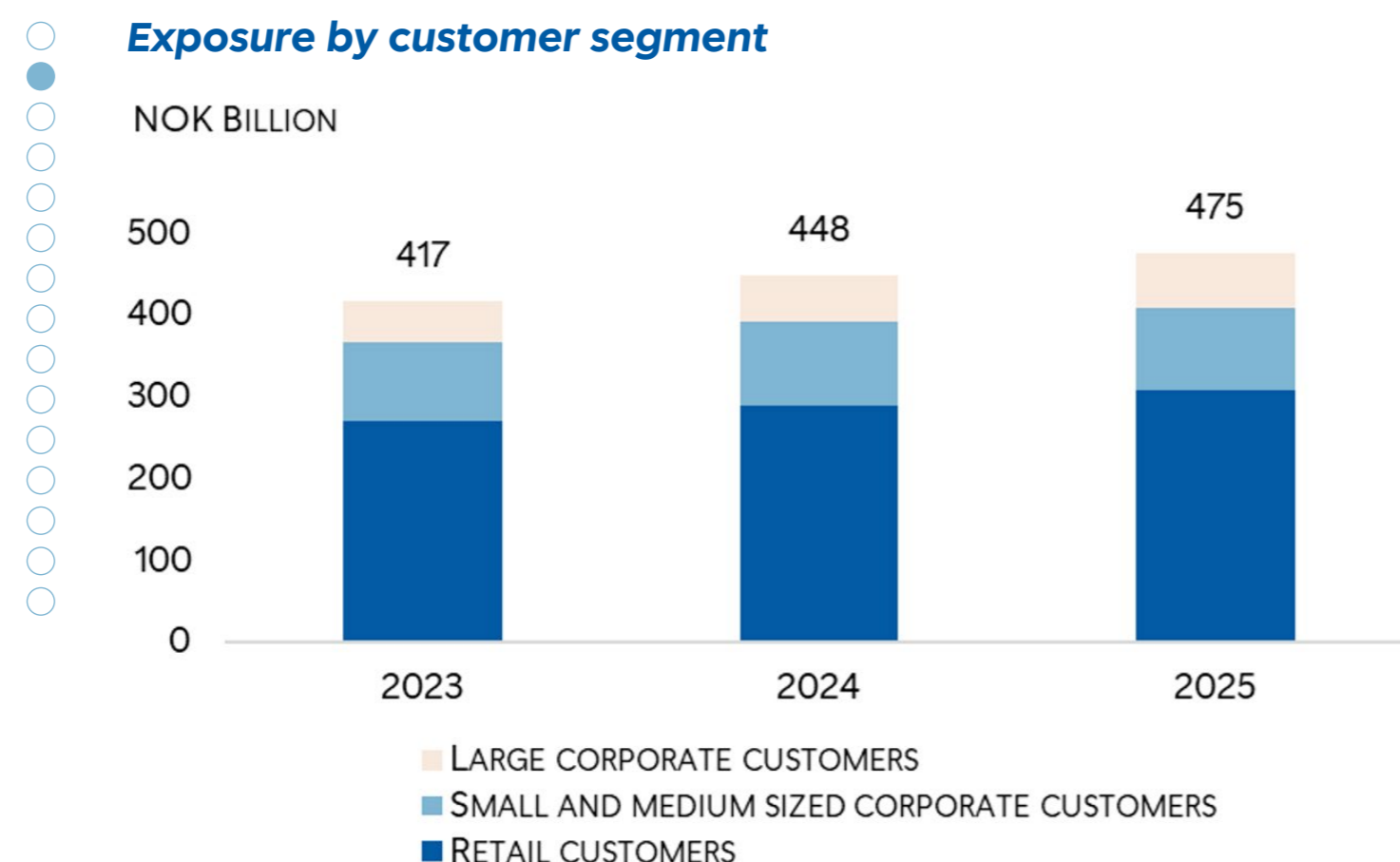
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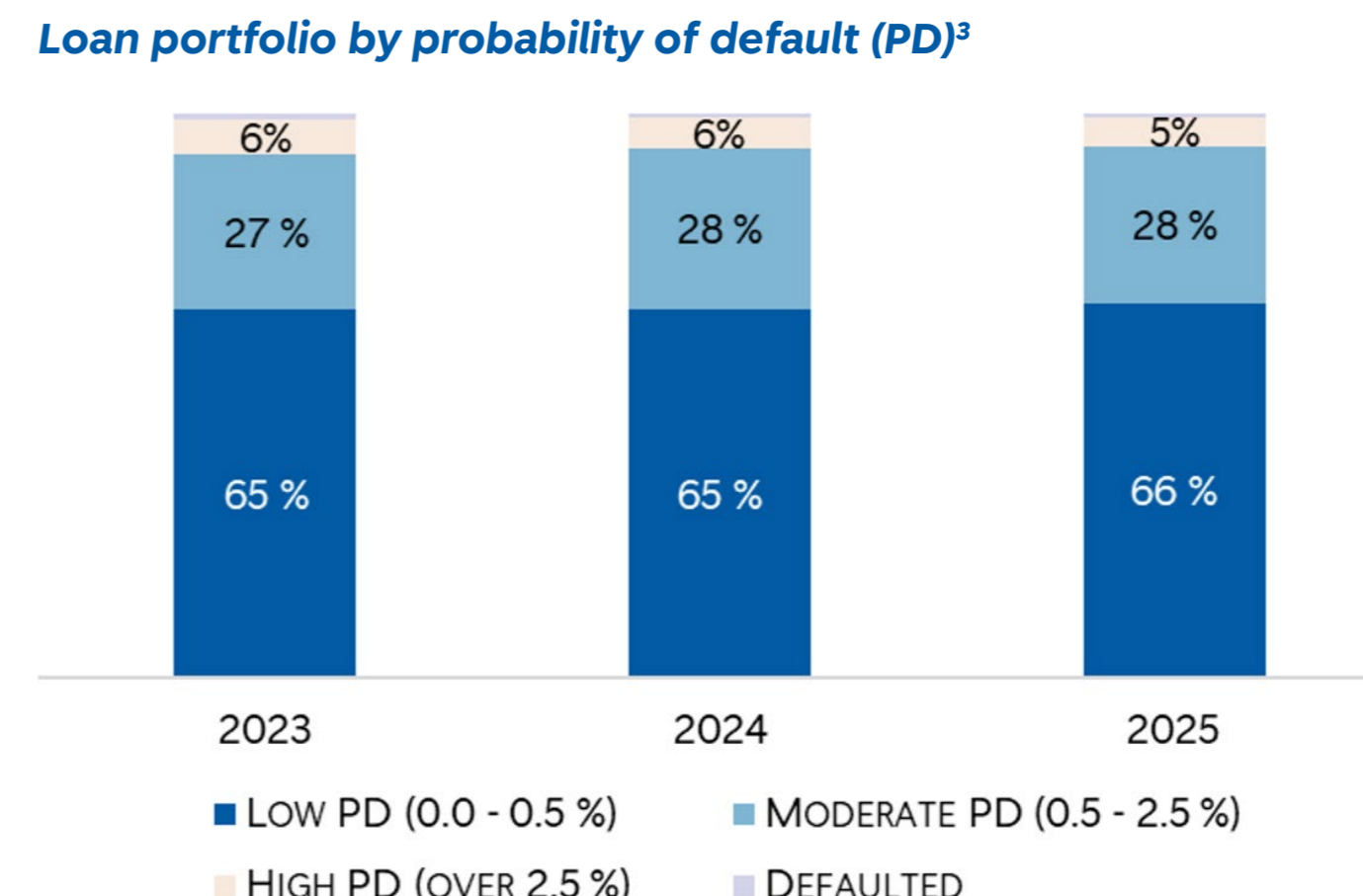
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The largest share of loan exposure in SpareBank 1 Sør-Norge ASA is directed towards retail customers, and lending in this segment consists predominantly of financing secured by real estate. Exposure to retail customers increased from NOK 289 billion to NOK 308 billion in 2025. Ninety-four per cent of loan exposure in the retail segment consists of commitments below NOK 10 million. Exposure to small and medium-sized corporate customers was reduced from NOK 102 billion to NOK 100 billion in 2025. Credit exposure to large customers increased from NOK 57 billion to NOK 68 billion during 2025. Large corporate customers are defined here as individual customers with exposure (EAD) exceeding NOK 250 million. A clearly defined framework that sets limits on what is financed, and on what terms, helps maintain a stable and robust portfolio.

The proportion of loan exposure to customers with a probability of default (PD) lower than 0.5 percent constitutes 66 percent in 2025. These are customers classified in default risk classes A, B, or C. The proportion of loan exposure with moderate PD was 28 percent. These customers are classified in default risk classes D, E, and F.

³ For retail customers, there are different requirements for a long-term outcome for probability of default (PD), internal and regulatory. The figure shows the loan portfolio with internal PD estimates



SpareBank 1 Sør-Norge places significant focus on monitoring engagements with PD higher than 2.5 percent. As of December 2025, 5.1 percent of loan exposure pertains to customers with PD higher than 2.5 percent. These customers are classified in default risk classes G, H, and I. Exposure to defaulted customers represents 0.6 percent of total loan exposure in the corporate and retail markets as of December 2025. The portfolio composition is based on a clearly defined strategy, where growth and risk profile are managed through specific credit strategic frameworks for portfolio composition and concentration risk.

The figure below shows the development in the loan-to-value ratio in the retail market portfolio from 2024 to 2025. The calculation of the loan-to-value ratio is based on the market value of securities and is shown as the total distributed loan-to-value ratio.



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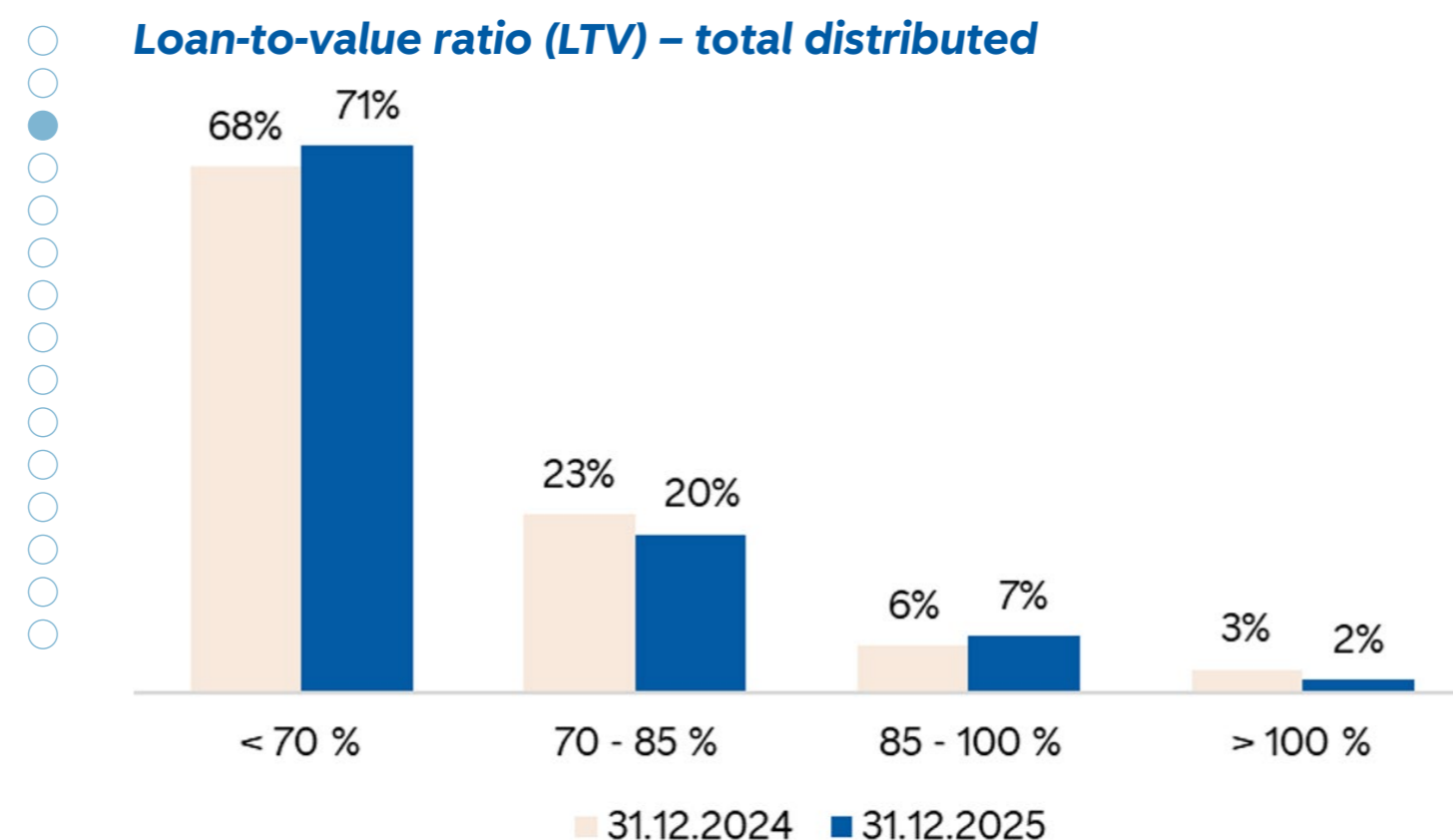
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Managing credit risk

Credit risk is managed through limitations for granting credit, follow-up of commitments and portfolio management. Credit risk management is based on the following main principles:

- The Group shall be among the leading in Norway in managing credit risk
- Particular emphasis should be placed on ensuring that the customers' activities comply with applicable laws and regulations, and that the business has a long-term perspective
- The main focus of credit granting should be the customer's ability of debt servicing, and weak / lacking service capacity should not be compensated with good security
- The risk that arises from concentrating the lending activity against a single customer, industry or segment should be limited to avoid single events being able to seriously harm the Group's financial position

Credit culture

SpareBank 1 Sør-Norge is among the leading players in Norway in credit risk management. This is achieved through local knowledge of customers and the

use of robust credit models and credit analyses. Further, clear requirements are set for employee competence and attitudes, emphasizing the ability to recognize risk and the willingness to learn from experience. In credit assessments, particular emphasis is placed on ensuring that customers' operations comply with applicable laws and regulations, have a long-term perspective, and that customers have both the necessary repayment capacity and robust equity considering the nature of their operations. The lending process is characterized by clear responsibilities where collaboration aims to ensure the best possible basis for decision-making, but credit decisions are made individually.

Significant emphasis is placed on the ability to adhere to internal guidelines and thereby avoid financing engagements that conflict with these guidelines. There is therefore a strong focus on credit employees' active use and compliance with a credit risk management framework that aligns with best practices in the field. Compliance is also specifically monitored by independent representatives from the group's risk management environment, both through ongoing participation in various credit committees and through independent reporting from the work in the credit committees.

Credit strategy

SpareBank 1 Sør-Norge primarily operates in Southern Norway as its geographical market area. The overarching credit strategy establishes that the group should have a moderate risk profile where no single event should significantly harm the group's financial position. The group's credit strategy comprises overarching credit strategic frameworks designed to ensure a diversified portfolio and a satisfactory risk profile. The frameworks set limits on the probability of default, expected loss, risk-adjusted capital, and the proportion of total loan exposure that can be directed toward the corporate market.

SpareBank 1 Sør-Norge's portfolios that are or will be transferred to credit institutions (SR-Boligkreditt AS, SpareBank 1 Boligkreditt AS, SpareBank 1



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- Næringskreditt AS) are included in the aforementioned credit strategic
- frameworks. For the corporate market, there are also specific frameworks for
- the maximum share of capital toward individual industries, the group of larger
- customers, and customers with high risk. Furthermore, frameworks are established
- for the calculated maximum loss on individual customers. An individual customer
- in this context also includes engagements with two or more counterparties
- when determining influence or economic connections between them are such
- that financial difficulties for one are likely to lead to payment difficulties for the
- other(s).

The frameworks are intended to ensure a diversified portfolio within the corporate market. The credit strategic frameworks are established by the board, and any deviations from these must therefore be presented to the board for approval. The risk management department reports quarterly on the developments in the credit strategic frameworks to the board.

Credit policy guidelines

The group's credit policy guidelines stipulate minimum requirements that apply to all types of financing, except commitments granted as part of the exercise of special credit hedging authorities. In addition to the general credit policy guidelines, a set of more specific credit policy guidelines related to sectors or segments that can entail a special risk have been prepared. The credit policy guidelines are revised at least once a year and are approved by the chief executive and reported to the board.

Credit authority regulations

The board is responsible for the group's granting of loans and credit, but delegates the responsibility to the chief executive, within certain limits. The chief executive then delegates these responsibilities within his own authority. Delegated credit authority is linked to a commitment's probability of default. The authorities are personal. This means that the credit committees do not have

decision-making authority but make recommendations to the authority holder. If there are no recommendations from credit committee, the authorisation limits will be halved. In general, the authorities are ample if a commitment's probability of default indicate a low risk, but they will be restricted progressively with increasing risk. The credit authority rules are reviewed annually, and changes are approved by the chief executive and reported to the board. However, this does not apply to changes in the chief executive's credit authority as this is approved by the board.

Credit review routines

The credit review routines regulate in detail all factors related to the granting of credit by the group and follow-up of commitments. The credit granting process provides a more detailed description of the customer and the purpose of the loan application, in addition to evaluations of the following:

- Owners and management
- Structure of financing
- Compliance with credit strategy and credit policy
- Whether the customer will have adequate earnings to service the current obligations, interest and instalments
- For how long and in what manner the customer can cover their current obligations, interest and instalments if their earnings fail
- Collateral and overall assessment of risk

Measurement of credit risk

Continuous commitment and portfolio monitoring is carried out on existing commitments. The credit risk is followed up in general by means of the group's portfolio management systems, systems for early notification of key development trends (early warning) and systems for monitoring the quality of the actual credit granting process.



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Portfolio management

The group's risk exposure is monitored using an overarching portfolio management system. The system contains a wealth of information on risk at both an aggregated and detailed level, enabling effective monitoring and management of risk developments in the portfolio. There is a monthly update of all portfolio information, including updates of customers' probability of default.

The development of risk in the portfolios is monitored with particular emphasis on the development in risk classification (migration), expected loss, risk-adjusted capital, and risk-adjusted return. Risk-adjusted capital reflects the actual risk exposure better than the traditional focus on loan volume.

Early Warning

The group's early warning system makes it possible to continuously monitor customers' key risk drivers and acts as an important indicator of potential negative developments in default rates. Its purpose is to detect key trends in development at an early stage.

Some examples of risk drivers are:

- Short-term and repeated default
- Development in limit utilisation
- Development in number of instalment postponements
- Official announcements

Credit process surveillance

The group's systems for monitoring the credit approval process make it possible to monitor credit quality and the risk-adjusted return on new commitments continuously. The system can compare quality across departments, and enables early action if, for instance, a department's credit practice is developing in an undesired direction.

Risk classification system

SpareBank 1 Sør-Norge has used internal credit models since 2007 for the retail market and since 2015 for the corporate market (Advanced IRB). Prior to 2015, the bank had permission to use the foundation IRB approach for enterprises. The Competence Center for Credit Models (KFK) develops credit models on behalf of the banks in the SpareBank 1 Alliance. In addition, KFK has established a separate and independent Validation department that assists and supports banks in validation work. SpareBank 1 Sør-Norge has also established separate departments within Risk Management responsible for model development and validation.

The group uses internal credit models for risk classification, risk pricing, and portfolio management. The risk classification system is based on the main components as shown in the table below.

The risk classification system in SpareBank 1 Sør-Norge

Risk classification	Short description
Probability of default (PD)	Customers are classified into default classes based on the probability of default over a 12-month period, based on a long-term outcome through a full loss cycle.
Exposure at default (EAD)	This is an estimate that indicates the group's exposure to a customer at default.
Loss given default (LGD)	This is an estimate of how much the group can potentially lose if the customer defaults on his obligations.



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Expected loss (EL) Describes the loss the group can statistically expect to lose on the loan portfolio during a 12-month period (long-term outcome) in a normal business cycle.

Risk-adjusted capital (UL) Describes how much capital the group needs to reserve as a buffer for future unexpected losses.

Risk group The customer is assigned a risk group based on the risk-adjusted capital on the commitment.

Probability of default – PD

The definition of each default class is shown in the table below. The table also illustrates the correlation between the classification used by the major external rating agencies and the classification used by SpareBank 1 Sør-Norge. Customers are classified into default classes based on the probability of default within a 12-month period, determined by a long-term outcome through a full loss cycle.⁴

Probability of default is calculated based on historical data series for financial key figures related to earnings and consumption, as well as on non-financial criteria such as behavior and age. To group customers according to probability of default, nine default classes (A-I) are used. Additionally, the group has two default classes (J and K) for customers with defaulted and/or written-down engagements. SpareBank 1 Sør-Norge emphasizes stable and predictable lending and capitalization over time. In calculating the probability of default, there are primarily two approaches that can be used: Point in Time (PIT) and Through the Cycle (TTC).

⁴ A long-term outcome over a full loss cycle of approximately 25 years, comprising four periods of normal economic conditions and one period of severe economic downturn.

Definition of default classes and the correlation between classification in SpareBank 1 Sør-Norge and in the largest external rating agencies

Default class	Lower limit for default	Upper limit for default	Ratingscale Standard & Poor's	Ratingscale Moody's
A	0,00 %	0,10 %	AAA - A-	Aaa - A3
B	0,10 %	0,25 %	BBB+ - BBB	Baa1 - Baa2
C	0,25 %	0,50 %	BBB-	Baa3
D	0,50 %	0,75 %	BB+	Ba1
E	0,75 %	1,25 %	BB	Ba2
F	1,25 %	2,50 %	BB-	Ba3
G	2,50 %	5,00 %	B+	B1
H	5,00 %	10,00 %	B	B2
I	10,00 %	40,00 %	B- - CCC/C	B3 - Caa3/C



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○ SpareBank 1 Sør-Norge's models for calculating the probability of default are defined as a middle ground between Point in Time and Through the Cycle. This aligns with best practices among Nordic IRB banks and corresponds with the approach behind the rating methodology of the most reputable rating agencies.

○ In addition to predicting the long-term outcome for probability of default regardless of the economic situation, the models must also be able to rank customers by risk (from the lowest probability of default to the highest) according to the economic situation at hand. This is crucial for predicting which customers may encounter difficulties over the next 12 months. To achieve this, the model must also include variables that capture economic changes.

Exposure at default – EAD

Exposure at Default (EAD) is defined as the exposure the bank has to a customer at the time of default. The conversion factor (CF) defines the proportion of the unused limit that is expected to be drawn upon in the event of default. In this context, unused limit is defined as the remaining available limit one year before default. CRR3 introduced a harmonised and rules-based system for the determination of CCFs. CCFs are now determined primarily by a predefined bucket classification and are no longer calculated using internal CCF-based models.

Loss given default – LGD

Loss given default describes how much the group could potentially lose if the customer defaults on their obligations. The model presents estimates that predict the degree of loss in an economic downturn. The valuation takes in account the value of underlying securities, the degree of recovery of unsecured loans, the degree of recovery before realisation and the costs the group has in recovering defaulted commitments. Seven classes are used (1–7) for classifying commitments in relation to loss given default. Definitions of these classes are illustrated in the table below.

Definition of LGD (collateral class)

LGD-class	LGD interval
1	Until 10 %
2	<10 %, 20 %]
3	<20 %, 30 %]
4	<30 %, 40 %]
5	<40 %, 50 %]
6	<50 %, 60 %]
7	Over 60 %

Expected loss – EL

Expected loss describes the loss the group can statistically expect to experience on the loan portfolio during a twelve-month period, based on a long-term outcome through a full loss cycle. Expected losses are calculated based on the probability of default, exposure at default and loss given default.

Risk-adjusted capital – UL

There are many factors that affect the group's losses on loans and credits. The expected loss is based on uncertain magnitudes, where the uncertainty is largely related to the characteristics of the commitments. On well-secured loans, the uncertainty is limited, while the uncertainty is relatively large with less well-secured loans and with customers with an unstable ability to fulfil their obligations. To take account of this uncertainty, a value for unexpected loss, or risk-adjusted capital, (UL) is calculated on all commitments. In this regard, SpareBank 1 Sør-Norge uses the reference model for unexpected loss as set out in the Capital Requirements Regulations. The sum of unexpected losses for all commitments provides an estimate of how much the group could lose more than the expected loss.

Risk-adjusted capital thus describes how much capital the group believes it needs to cover the actual risk it has undertaken. Since it is impossible to protect against



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- all losses, the group has determined that the risk-adjusted capital should cover all possible unexpected losses at a given confidence level of 99.9 percent. An engagement is classified into a risk group from lowest to highest risk based on its risk-adjusted capital.

● The risk groups are defined as shown in the table below.

Definition of risk groups

Risk-adjusted capital (UL) % of EAD

Risk group	Lower limit	Upper limit
Lowest	0,0 %	1,6 %
Low	1,6 %	4,0 %
Medium	4,0 %	8,0 %
High	8,0 %	12,0 %
Highest	12,0 %	99,99 %

Risk pricing

SpareBank 1 Sør-Norge is committed to pricing risk appropriately. This means that engagements with high risk are priced higher than those with low risk. However, the general level of risk pricing will also depend on the group's overall return objectives and considerations of the competitive situation.



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Collateral and other risk mitigation measures

SpareBank 1 Sør-Norge uses collateral to reduce the credit risk in each commitment. For corporations, different types of conditions and terms are also specified in most credit agreements. Use of terms gives the bank assurance that the company keeps proper levels of liquidity and equity, or that the company complies with applicable laws and regulations related to its services.

In the retail market, the collateral is primarily real estate (housing). Several different types of collateral are accepted in the corporate market. This is shown in the table below.

Main types of collateral

Type of collateral	Retail market	Corporate market
Real property	✓	✓
Land	✓	✓
Securities	✓	✓
Guarantees	✓	✓
Machinery and plant		✓
Vessels		✓
Motor vehicles/construction machines		✓
Inventories		✓
Agricultural chattels		✓
Trade receivables		✓
Deposits	✓	✓

The group establishes the realisation value of posted collateral based on statistical data over time, as well as expert evaluations in cases where the statistical data is insufficient. The realisation value is set to give a conservative evaluation that reflects presumed realisation value in an economic downturn.

Monetary claims in the form of deposit accounts with credit institutions may be pledged for the benefit of the credit institution. In consumer relations such pledge must be established by a written contract, and the pledge may only cover deposits that are in a unique account created in connection with the agreement.

In the retail market the market value of real estate is stipulated either by utilising the purchase price according to the contract, a broker valuation/appraisal or value estimates from Eiendomsverdi (applies only to residential properties). Eiendomsverdi is an information and analysis tool that provides access to an estimated market value for properties in Norway. Value estimates from Eiendomsverdi may be utilised in accordance with internal procedures if the property is located in a well-functioning residential market and if there is little uncertainty with regard to the value estimate. The realisation value on real estate is established based on the market value of the property and reduces this value by a reduction factor that depends on the type of property. In the retail market, assets other than real property are used as collateral to a limited extent.

In the corporate market, the value of commercial properties is calculated using the yield method, where the value is the present value of the expected cash flow to the property. Yield reflects the return an investor can demand when investing in a property and is affected by factors such as the property's location and nature, duration of the lease, tenants' solidity, regulatory risks, and the anticipated long-term, risk-free interest rate. The realisation value of the collateral is determined based on the market value, which is reduced by a factor that varies with the property's characteristics. The reduction factors for all types of collateral



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○ are set based on the fall in value that must be expected in a sharp economic downturn.

○ Validation of the IRB system

○ The Group continuously develops and validates the risk management system and the credit approval process in order to ensure good quality over time.

● Independent validation is carried out by the “Model Risk and External Risk Reporting” department, which is organised independently of the units responsible for model development and the establishment and renewal of loans. The validation work is summarised in an annual validation report, which forms the basis for the Board of Directors of SpareBank 1 Sør-Norge to assess whether the risk management system (the IRB system) is well integrated into the organisation and whether it calculates the level of risk and capital requirements in a prudent manner. Validation findings and any recommendations for improvement are presented by the EVP Risk Management.

The purpose of the validation is to ensure that:

- The IRB parameters are based on relevant data of sufficient quality
- The assumptions on which the IRB system is based are reasonable
- Weaknesses and limitations in the models or in the use of models are identified, assessed and followed up where possible
- The IRB system is well integrated into the organisation, and that it forms a central part of the banks risk management and decision making

The validation process can be divided into the following main areas:

Data validation: Control of data quality, possible breaks in data series or missing data in the estimation basis and later in model follow-up.

Qualitative validation: Assessment of the models and model implementation, providing an overall assessment of the IRB system. The assessments include the models' ability to measure relevant risk, the models' conceptual reasonableness and model limitations, internal anchoring, documentation, and implementation.

Quantitative validation: Verification of the models' data representativeness, ranking ability, calibration targets, calibration to the calibration targets, and stability. Includes assessments at the calibration segment level and significant sub-portfolios, as well as default class and risk drivers.

Application: The review should be able to demonstrate that the IRB system is well integrated into the organisation and that it forms a central part of the bank's risk management and decision-making.

Compliance with regulatory capital requirements: The review should ensure that the bank meets regulatory capital requirements.

The table below shows models used in the regulatory IRB reporting in SpareBank 1 Sør-Norge at the end of 2025.



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Risk models used in regulatory reporting 2025

Commitment category	Segment	PD model	EAD model	LGD model
Mass Market (Retail Market)	Mortgage customers with internal history of behaviour	RM score card A	CF = 1	LGD RM
	Housing			
Mass Market (Retail Market)	Other retail customers with internal history of behaviour	RM score card B	CF = 1	LGD RM
	Other			
Businesses (Corporate Market)	Entity registered with a business registration number	PD CM	EAD CM	LGD CM

Comparison of risk parameters and actual outcome

This section presents an extract of the validation results for the PD, EAD and LGD models in SpareBank 1 Sør-Norge for the IRB portfolio. As the validation results for 2025 had not been presented to the Board of Directors at the reporting date for disclosure under Pillar 3, results up to and including validation year 2024 are presented.

PD models

The figure below shows the ranking ability of the PD models for residential mortgages and corporate lending, respectively, in the period 2018–2024. The generic PD model for residential mortgages has very high and stable ranking

ability, which means that the model has a very good ability to rank customers from those with the highest to those with the lowest actual probability of default. Validation across different segments also shows high ranking ability. The generic PD model for corporate customers has high and stable ranking ability for the total portfolio.



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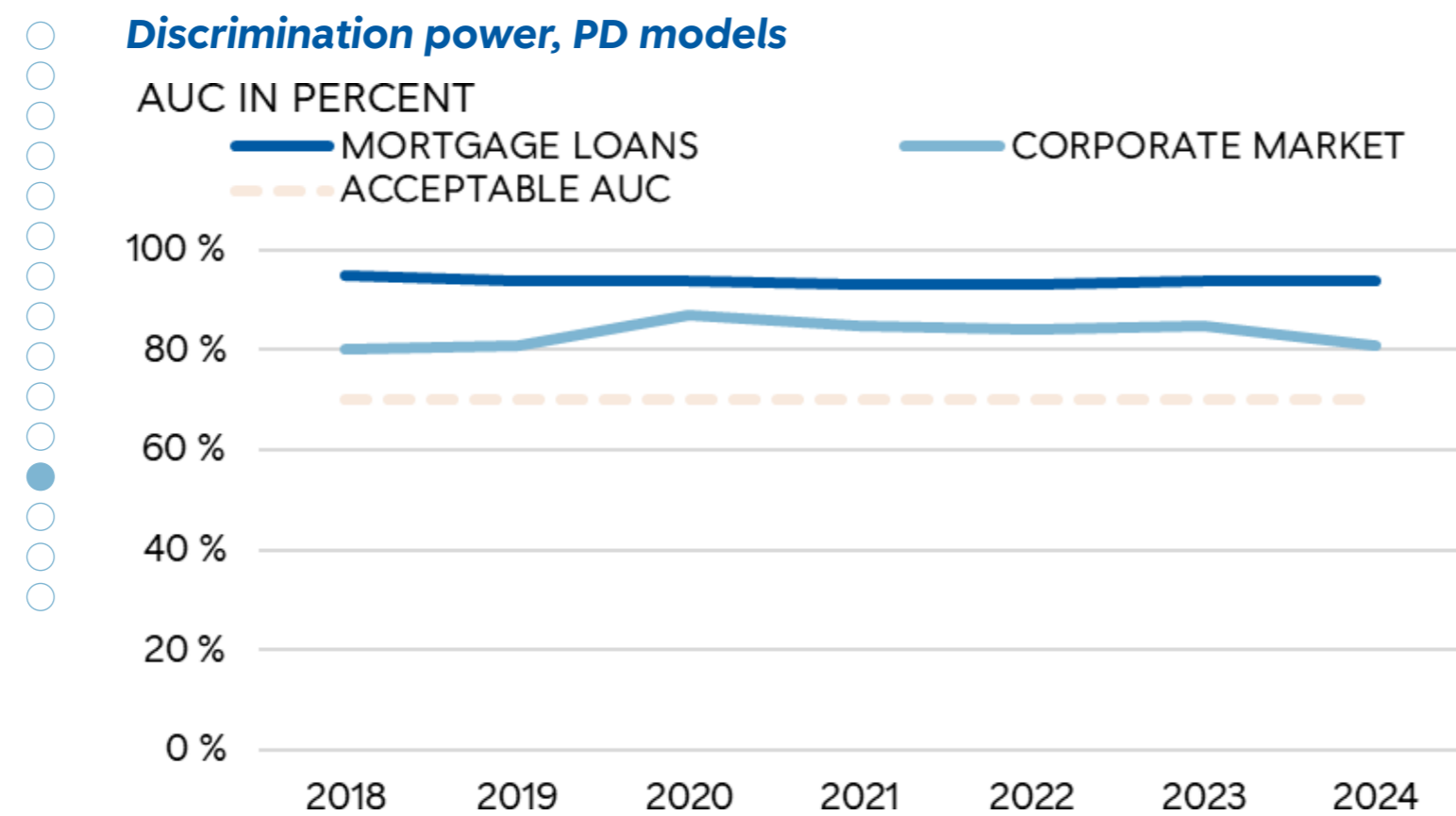
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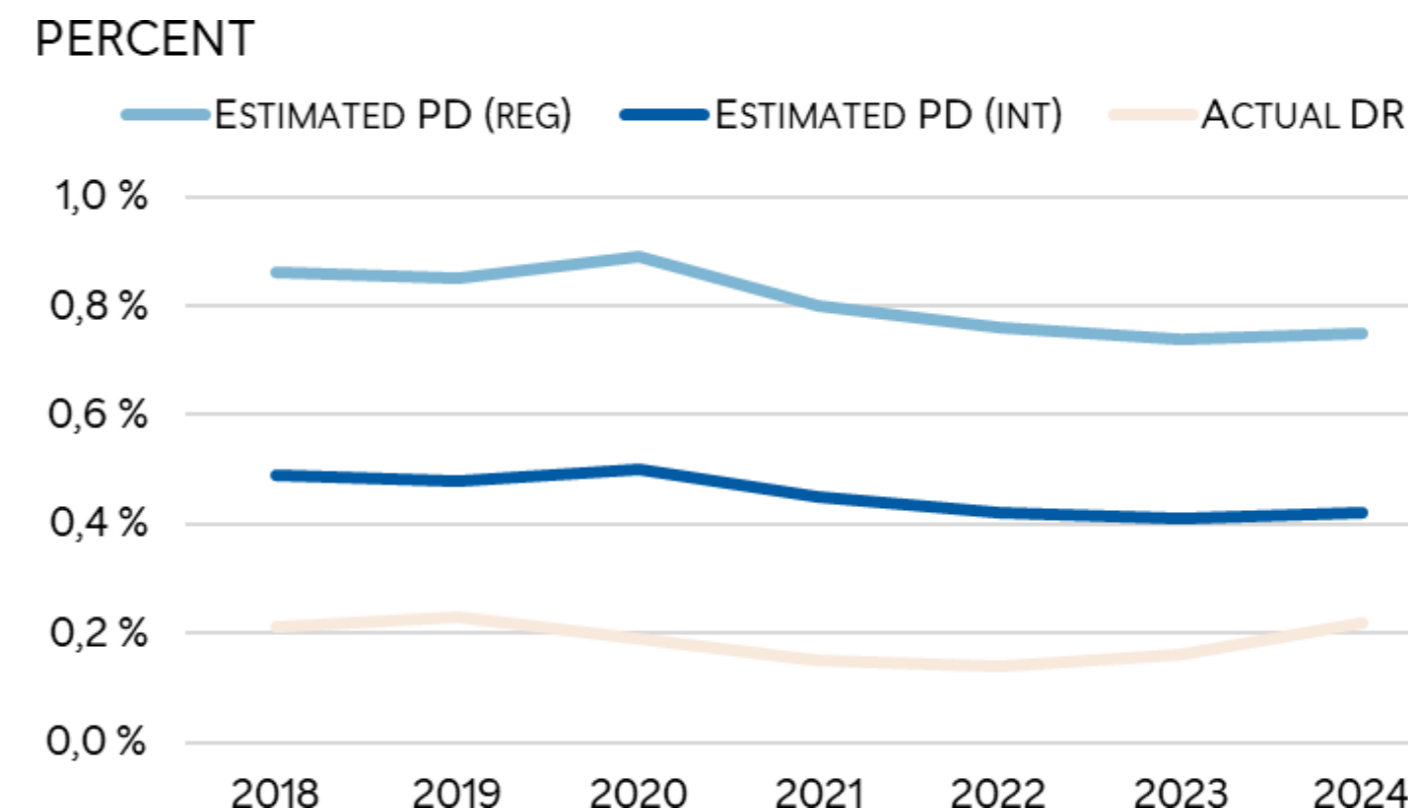


When validated across different sub-portfolios, the ranking ability may be somewhat lower. This applies to larger customers and certain industry types. For this reason, separate PD models have been developed for these segments, which are currently used only in internal portfolio management.

The current capital adequacy framework requires that the estimated probability of default (PD) shall predict long-term outcomes through a full loss cycle. This means that the default estimates shall be relatively stable over time, including through an economic cycle. The figure below shows the average unweighted estimated probability of default (PD), internally and regulatorily, compared with average actual default in the years 2018–2024.

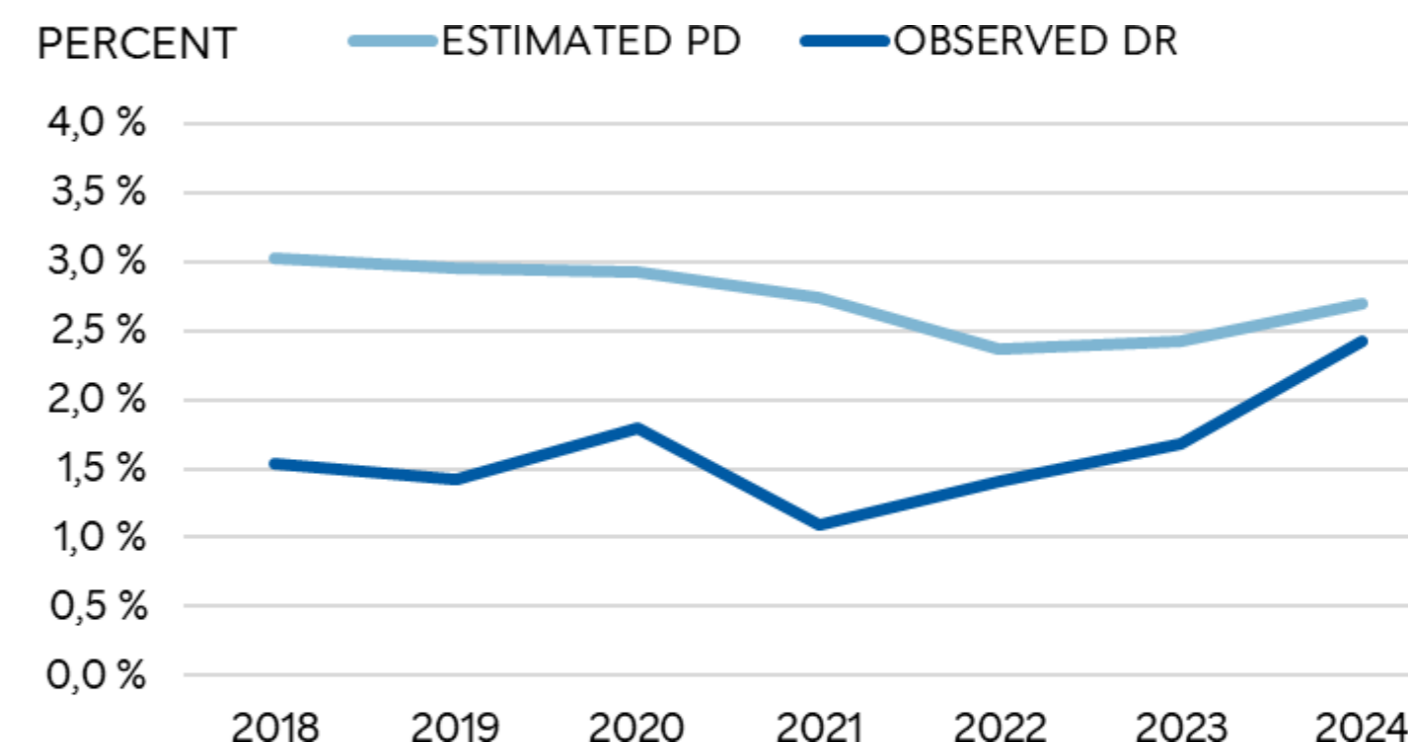
Regulatory PD is calculated in accordance with Finanstilsynet's methodology for calculating long-term outcomes, with predefined levels for, inter alia, default in a severe downturn. Internal PD is estimated using the Bank's best estimates of default through a full loss cycle and reflects to a greater extent the underlying risk in the portfolio. The use of the internal estimates provides more risk-sensitive risk weights and contributes to stronger incentives for sound risk management.

Comparison of unweighted estimated PD with actual DR – mortgage loans (regulatory and internal)



Actual default (DR) has remained stably low. Actual defaults have been materially lower than both internally and regulatorily estimated default (PD) throughout the period. From a regulatory perspective – in accordance with the applicable regulations – there is a significant overestimation of the default level. For corporates, there is alignment in the calibration of the internal and regulatory default levels, and the figure below shows average unweighted estimated and actual default for the corporate portfolio.

Comparison of unweighted estimated PD and actual DR – corporate market



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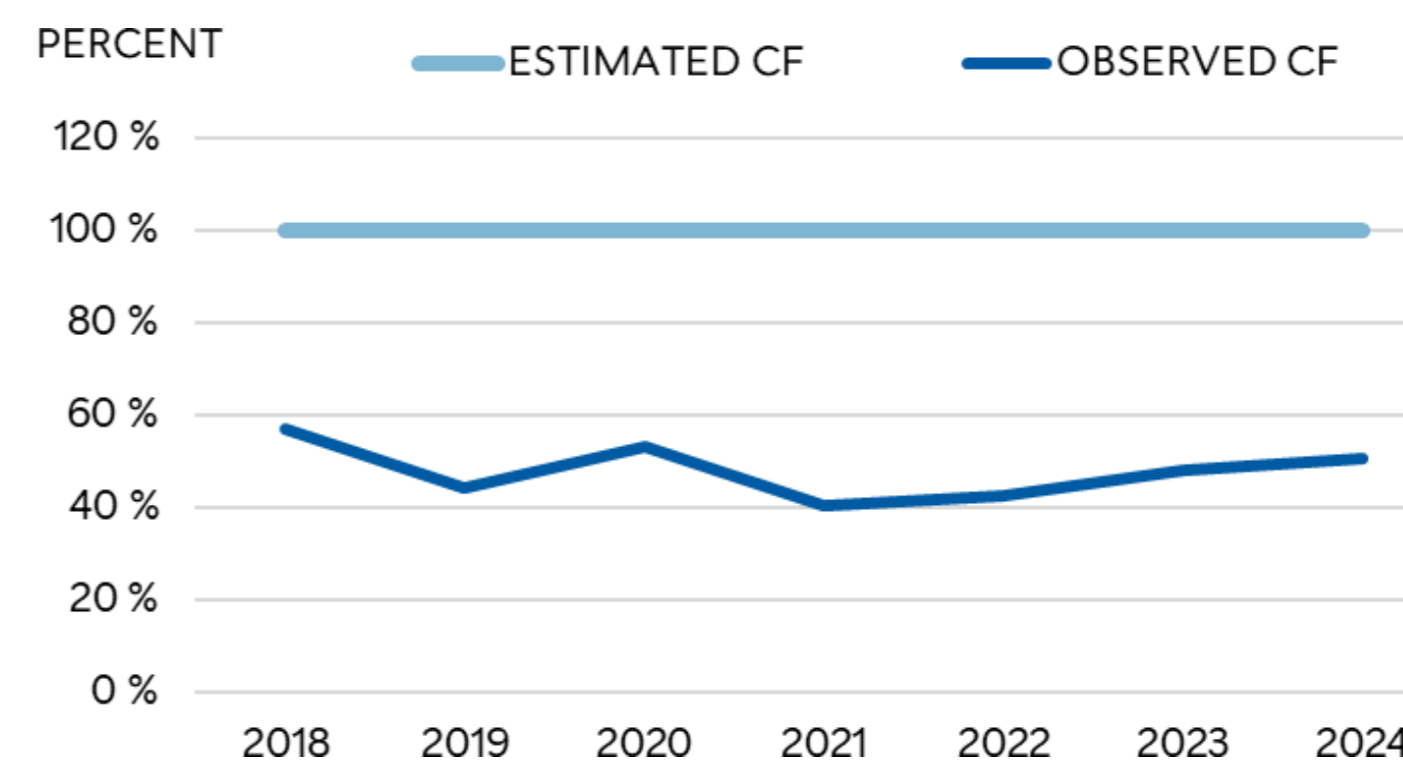
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- All customers with credit exposure in SpareBank 1 Sør-Norge are risk-classified at least annually when accounting or tax assessment data are updated. In addition, customers are scored monthly based on information on internal and external behaviour. As the figure shows, the estimated probability of default (PD) is higher than actual default (DR) throughout the period. The level of PD is considered to be in line with the model's intended cyclical properties.

EAD models

A validation is carried out of whether the model estimates can predict utilisation of credit lines (CF) in a severe economic downturn ("downturn"). This means that there shall be a sufficient margin between estimated and observed values in normal economic conditions. The graphs below show comparisons of the conversion factor for the period 2018–2024.

Comparison of estimated and actual conversion factor (CF) – mortgage loans (limit loans)



For all residential mortgage customers with revolving credit facilities, the conversion factor is a fixed parameter. The average observed conversion factor was 48 per cent during the period and significantly lower than the fixed parameter of 100 per cent.



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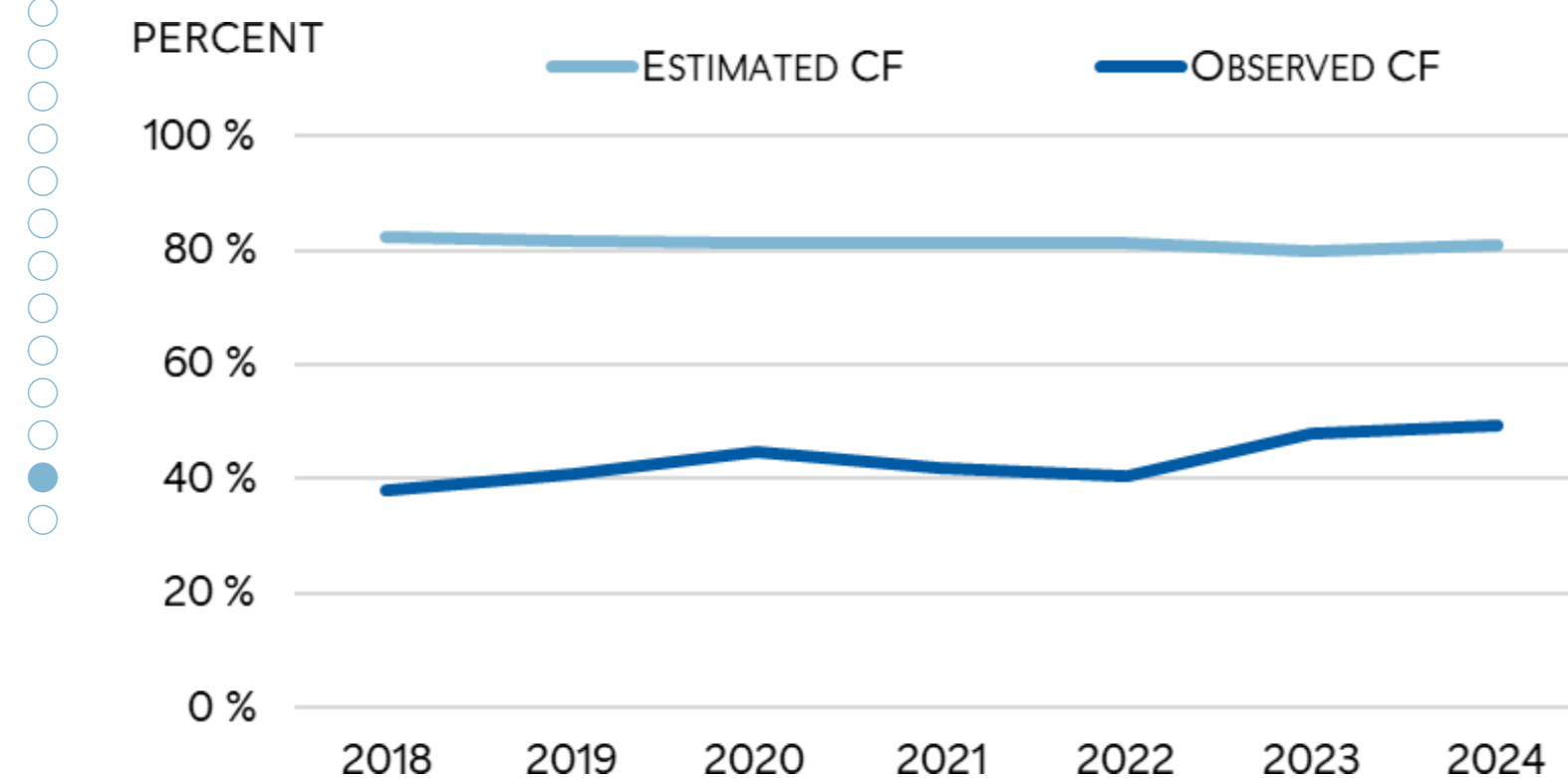
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Comparison of estimated and actual conversion factor (CF) – corporate market



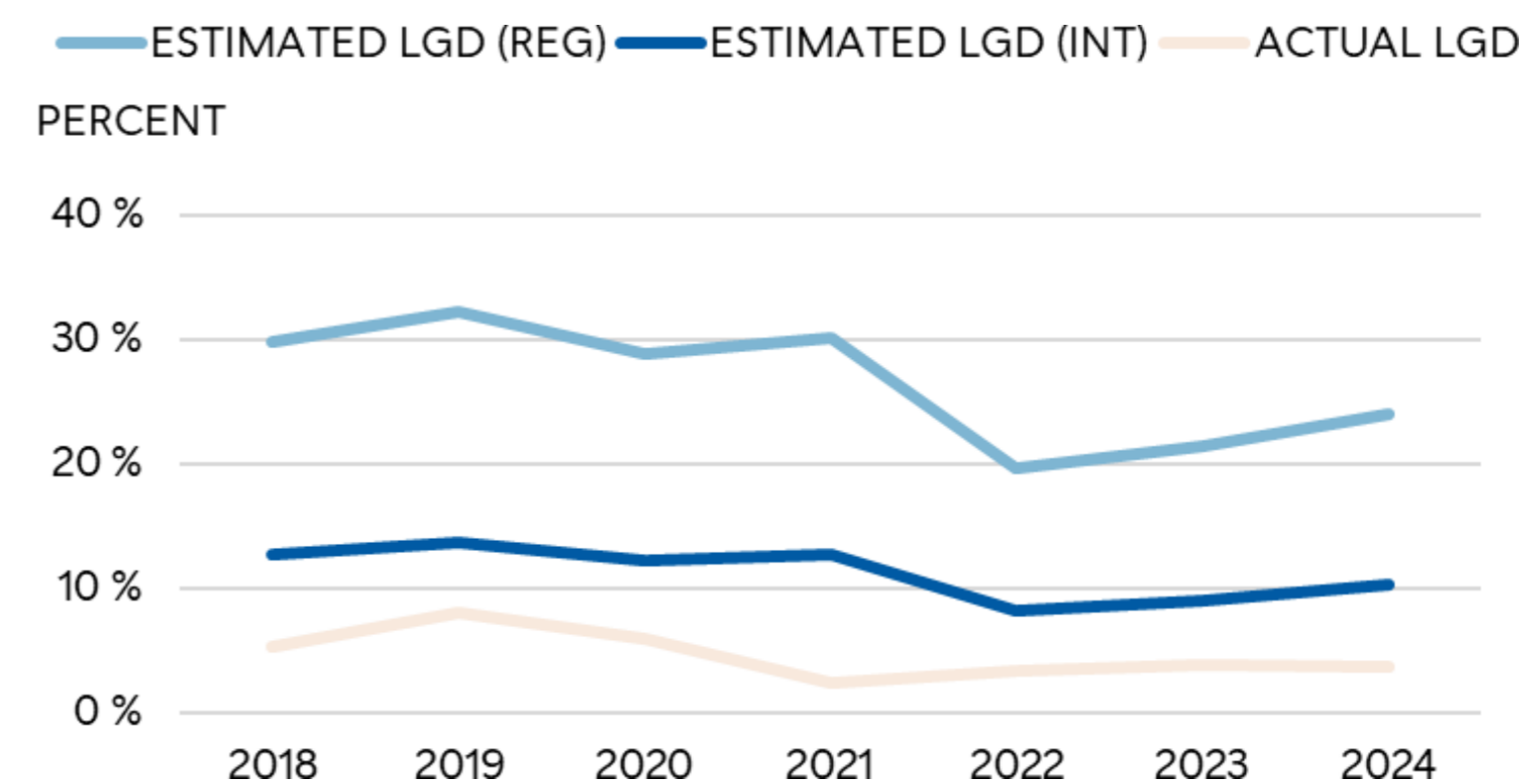
For the corporate portfolio, a separate model has been developed that estimates the conversion factor based on risk classification and facility type. The average estimated conversion factor is 81 per cent and significantly higher than the average observed conversion factor, which is 43 per cent.

LGD models

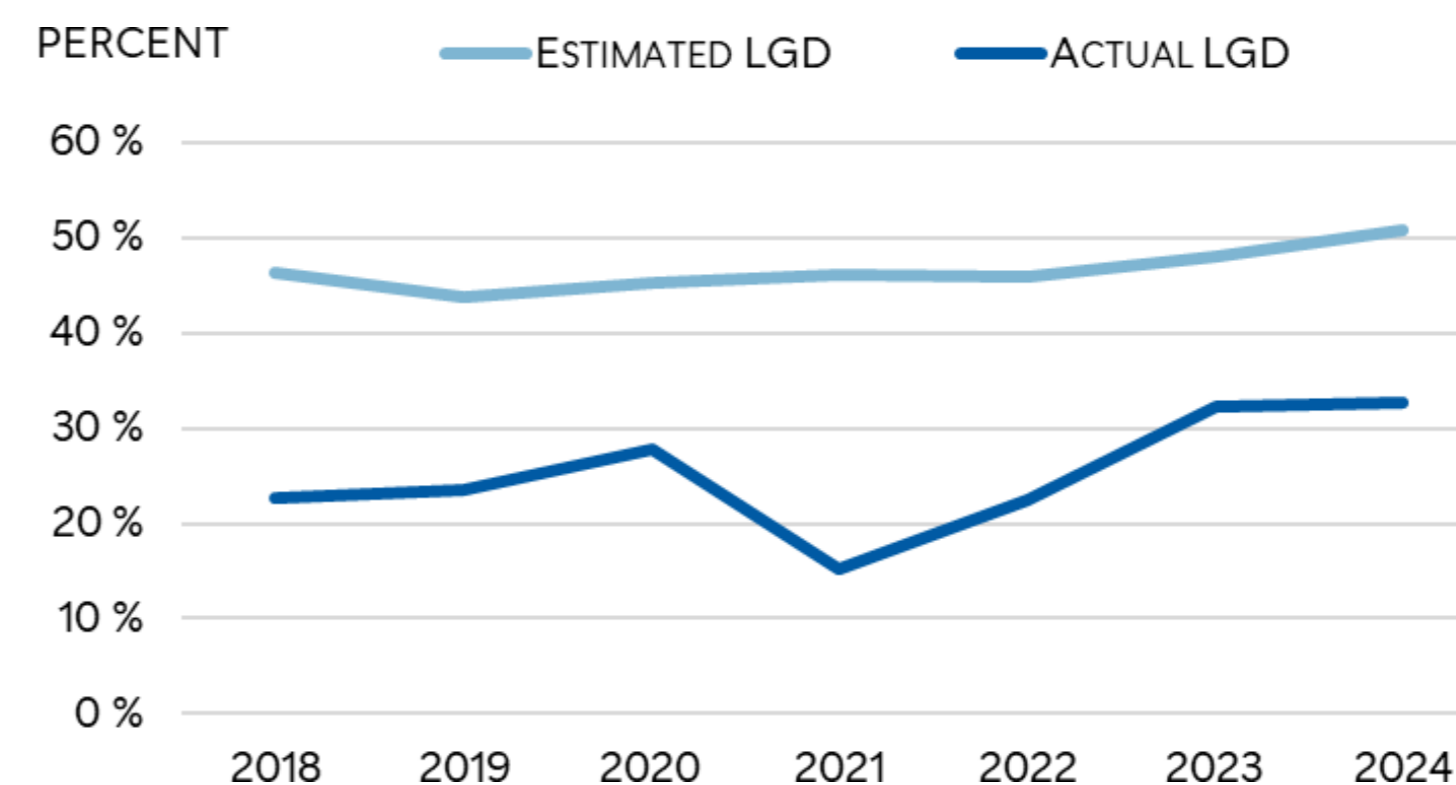
In the regulatory calculation of loss given default (LGD) for residential mortgages, until the implementation of the new capital adequacy framework (CRR3) in 2025, there was a requirement for a minimum estimated LGD of 20 per cent, irrespective of the underlying portfolio quality and loss history. Internally, the Bank uses its own LGD estimates based on internal data with empirical coverage and which are representative of the Bank's portfolio.

For the corporate market, there is full agreement between internal and regulatory estimates for LGD. The figures below show estimated and observed unweighted loss ratio for resolved default cases in the period 2018-2024. Both estimated and observed loss ratio are measured for defaulted customers, and the estimates are normally higher than the overall portfolio including performing customers.

Comparison of estimated and actual weighted LGD for defaulted loans – mortgage loans (internal and regulatory)



Comparison of estimated and actual weighted LGD for defaulted loans – corporate market



The figures above show that observed loss given default has been lower than estimated loss given default over time, both for residential mortgages and the corporate portfolio. In 2020, a small increase in observed loss given default was recorded for the corporate portfolio. This is related to the downturn that affected certain industries within the large corporate segment in offshore and



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○ oil-related activities following the oil price decline that began in 2014 and the coronavirus pandemic in 2020.

○ In the larger and more complex cases, the recovery period is somewhat longer than normal, and it must be expected that observed loss given default will be adjusted as cases are resolved. The analyses performed indicate that the loss estimates are sufficiently conservative to capture losses also for cases that have not yet been resolved.

Default and impairment

SpareBank 1 Sør-Norge continuously assesses the quality of the credit portfolio, both at an overall level and at the individual customer level. Customers in default in the form of overdrafts or arrears on accounts are monitored and followed up at an early stage, thereby ensuring that necessary measures can be implemented quickly. Close customer follow-up and preventive work are important measures for maintaining a sound risk profile in the Group's loan portfolio in order to reduce future impairments.

Under IFRS 9, the Group's loans and financial commitments are grouped into three stages: Stage 1, Stage 2 and Stage 3, where Stage 2 is used for loans and financial commitments that have experienced a significant increase in credit risk since origination, and Stage 3 is used where there is objective evidence of loss at the balance sheet date. For these loans and financial commitments, lifetime expected credit losses shall be recognised. For further information, reference is made to the quarterly reports and the annual report.

5. Counterparty risk and Credit Valuation Adjustment (CVA)

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Counterparty risk is a form of credit risk that arises in trading in financial instruments, such as derivatives or loans secured by securities. Derivatives are most often traded Over the Counter (OTC), meaning through individual contracts between two counterparties. Counterparty risk is the risk related to the counterparty's ability to fulfil the agreed obligations under the contract and differs from other credit risk in that the exposure generally depends on market risk factors such as interest rates, exchange rates, commodity prices or share prices. CVA risk relates to the deterioration in the creditworthiness of derivative counterparties.

General information on counterparty risk and CVA-risk

SpareBank 1 Sør-Norge enters into derivative transactions to hedge currency and interest rate risk arising in connection with the ordinary banking operations, including in connection with deposit-taking and lending activities. In addition, derivative transactions are entered into in connection with customers' demand for hedging instruments and to hedge own positions arising in connection with customer transactions.

Customers use derivatives to hedge against adverse movements in exchange rates and interest rate levels. The Bank's exposure is therefore, in principle, risk-reducing for the customer. If a customer is to trade in currency and/or interest rate instruments, a separate limit shall be granted to cover the Bank's counterparty and CVA risk. The limit is granted in accordance with ordinary credit processing, i.e. in accordance with the Bank's ordinary authorisation regulations. The Bank performs ongoing monitoring of the limits and the customers' exposure, where CVA forms part of the market value of the derivatives.

To minimise counterparty and CVA risk vis-à-vis bank counterparties, bilateral netting agreements, so-called ISDA agreements, are entered into. Such agreements make it possible to net all positive and negative market values related to derivative contracts entered into with the same counterparty. Bilateral agreements for the exchange of cash collateral, referred to as Credit Support Annex (CSA addenda), are also entered into with bank counterparties. The latter means that the market value of all derivative contracts entered into between SpareBank 1 Sør-Norge ASA and the counterparty is settled daily, and counterparty and CVA risk will therefore largely be eliminated.

In addition, the EMIR regulation entails that a significant portion of the derivative transactions, including the majority of the interest rate derivatives with bank counterparties, are netted through so-called central counterparties (CCPs). SpareBank 1 Sør-Norge is not a direct member of a central counterparty, but is affiliated with other clearing members in connection with the clearing of derivatives.

The capital requirement for counterparty risk is calculated in accordance with the standardised approach (SA-CCR), and CVA is calculated in accordance with the Reduced Basic Approach (BA-CVA). There have been minor changes in EAD over the past year. The exposure amount for counterparty risk amounted to NOK 776 million at year-end, a reduction from NOK 1.2 billion at the end of 2024. The exposure amount for counterparty risk as at 31 December 2025 represented 0.3 per cent of the Group's total exposure amount.

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Market risk is a collective term encompassing the risk of loss arising from changes in market prices, including the risk of loss resulting from changes in observable market variables, such as interest rates, exchange rates and securities markets.

General information on market risk

Risk strategy

Market risk in SpareBank 1 Sør-Norge ASA relates primarily to the Group's investments in securities, including shares and bonds. In addition, the Group has a certain exposure to activities related to market risk that support ordinary deposit-taking and lending activities. The Group's overall exposure to market risk is considered moderate. The risk strategy, including the related specification of the necessary risk limits, reporting lines and mandates, shall be reviewed and approved by the Group's Board of Directors at least annually.

Mandates, guidelines and routines

Board-established limits are delegated from the Chief Executive Officer to named individuals. Guidelines and routines are well described, and the routines are complied with satisfactorily by persons involved in the management and control of market risk.

The Group's market risk is measured and monitored on the basis of established limits. Responsibility for ongoing position reconciliation and measurement of the Group's market risk exposure lies with middle office in the Stavanger department of SB1 Markets. The department for risk management market, liquidity and ESG is responsible for carrying out ongoing control of the risk measurement and for the independent risk reporting both internally and externally.

Market risk, including spread risk on bonds and certificates

Price risk related to securities is the risk of loss arising from changes in the value of the Group's bonds, certificates and equity instruments. Quantification of the risk associated with a decline in value of the bond portfolio managed by Treasury is calculated on the basis of Finanstilsynet's stress test model. All fixed-rate exposure is interest rate hedged. Details regarding exposure and portfolio development during the year are available in the Group's Factbook and Pillar 3 appendix.

Risk-adjusted capital associated with other market risk is measured and monitored in accordance with the Value at Risk principle (VaR). The VaR model covers the Group's interest rate risk, as well as the securities risk associated with the Group's investments in shares, units and other equity interests. Market risk is reported under credit and counterparty risk in accordance with the standardised approach.

Bond portfolio

Risk profile and portfolio performance

The Group's liquidity portfolio consists of bonds and certificates.

Liquidity portfolio (managed by Treasury)

The liquidity portfolio consists of interest-bearing securities that either satisfy the requirements for deposit in Norges Bank, the LCR regulation or uncommitted credit lines, as well as exposure to companies in the SpareBank 1 Alliance. The size of the portfolio will at any time depend on the Group's balance sheet and, accordingly, the need for liquid assets. At the end of 2025, the total liquidity



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- portfolio amounted to a value of NOK 79.5 billion. The tables provide an overview of SpareBank 1 Sør-Norge ASA's exposure in bonds based on risk classes.

Securities exposure, bonds and securities

Risk category	Rating	Market value	
		NOK million	Total %
Very low risk	AAA, AA+, AA og AA-	79.252	99.6 %
Low risk	A+, A og A-	0	0.0 %
Moderate risk	Not rated	340	0.4 %
High risk	Not rated	0	0.0 %
Very high risk	Not rated	0	0.0 %
Total		79.592	100,0 %

Interest rate risk

Interest rate risk in the banking book (IRRBB) arises when the Group has different interest rate fixation periods for assets and liabilities. Adverse changes in interest rate levels may affect the Bank's earnings and capital by changing the present value and timing of future cash flows, where interest rate-sensitive assets, liabilities and off-balance sheet items are the underlying elements.

SpareBank 1 Sør-Norge has a low appetite for interest rate risk and seeks to eliminate or hedge risk arising from fixed-rate loans and deposits by converting these to floating rate through the use of derivatives. Trading in interest rate instruments always takes place within defined limits and mandates. The Bank's framework for monitoring and measuring interest rate risk is approved by the Board of Directors and delegated to named persons in SB1 Markets and the Bank's treasury department. The framework defines quantitative targets for maximum potential loss from a positive parallel shift in the yield curve of 2

percentage points, and the risk is monitored continuously. The Group's total limit is NOK 270 million, allocated across sub-limits for specified maturity bands. The risk is monitored continuously.

The Group uses an internal method for measuring interest rate risk in the banking book, in which the expected interest rate fixation period varies depending on the interest rate shock scenario for loans and deposits with administered rates. Interest rate risk is calculated automatically and monitored daily against established limits. Risk Management verifies and reports the utilisation of limits both internally and to relevant authorities. Group Management and the Board of Directors receive monthly reports on market and liquidity risk. In addition, a Value-at-Risk model (VaR) based on actual exposure is used and measured against a separate VaR framework at least quarterly.

IRRBB is calculated at least monthly for the six stress scenarios determined by EBA for economic value of equity (EVE) and parallel shifts upward and downward for net interest income (NII). The Bank also monitors the effect of a parallel shift in the yield curve of 200 basis points. The measurements show that SpareBank 1 Sør-Norge has low exposure to IRRBB, and that sudden changes in interest rates have a limited effect on earnings and a non-material effect on Tier 1 capital.

To minimise interest rate risk, the Bank uses derivatives for the operational and accounting hedge of fixed-rate instruments, bonds and certificates. The effectiveness of the hedge is assessed and documented both at inception and on an ongoing basis. When fair value hedging is used, the hedging instrument is recognised at fair value, while changes in fair value relating to the hedged instrument are recognised through profit or loss and against the hedged balance sheet item. The Bank uses basis swaps as well as interest rate and currency swaps to convert loans into the desired currency. When calculating parallel shocks for EVE and NII, the Bank applies different assumptions for deposits without fixed maturities and floating-rate loans. Deposits and loans are classified as fixed-rate



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- or floating-rate and assigned different repricing terms. The average repricing time for deposits without fixed maturities is approximately 7 weeks, while the longest repricing time is approximately 8 weeks. For quantified measurements, reference is made to appendix IRRBB1.
-

Sub-limits within the different maturity bonds

Maturity bond	Treasury limit
0 – 3 months	NOK 200 mill.
3 – 6 months	NOK 100 mill.
6 – 9 months	NOK 100 mill.
9 months – 1 year	NOK 100 mill.
1 year – 18 months	NOK 40 mill.
18 – 24 months	NOK 30 mill.
Each year (1-10)	NOK 30 mill.
10 years or more	NOK 20 mill.

Simultaneously, the group has delegated an interest rate risk framework to SpareBank 1 Markets. The framework defines quantitative targets for maximum potential loss in the event of a positive parallel shift in the yield curve of 2 percentage points, and the framework amounts to a total of 70 million NOK with various sub-frameworks for specified maturity bands. SpareBank 1 Markets is responsible for all gains and losses arising from the use of the delegated interest rate risk framework, and the exposure associated with this framework is therefore not included in the table below.

Earnings impact of a 1 pp upward parallel shift in the yield curve (NOK million)

Interest rate risk	0-6 months	6-12 months	1-5 years	> 5 years	Total
4th Qtr. 2025	102	-17	-11	0	74
3rd Qtr. 2025	66	-1	2	1	68
2nd Qtr. 2025	124	-1	2	0	125
1st Qtr. 2025	97	-4	-1	0	92

Foreign exchange risk

Foreign exchange risk is the risk of loss arising from changes in exchange rates. SpareBank 1 Sør-Norge does not assume such risk in ordinary banking operations or funding activities, and all foreign exchange exposure is hedged. Foreign exchange risk limits are delegated to SB1 Markets and governed by nominal limits for aggregate and single-currency positions. Overnight net price risk for spot foreign exchange trading must not exceed NOK 100 million per currency and NOK 225 million in aggregate. SB1 Markets is responsible for all gains and losses arising from the use of these limits.

Securities risk, shares

Shares, units and other equity interests are classified as either fair value or available for sale. Securities measured and reported internally at fair value are classified at fair value through profit or loss; other shares are classified as available for sale. The table below shows the Group's shareholdings over the last four quarters:

The group's share portfolio at fair value at the end of the year (NOK million)

Balance sheet classification	4th Qtr. 2025	3rd Qtr. 2025	2nd Qtr. 2025	1st Qtr. 2025
Shares, units etc.	860	851	792	777

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Operational risk is the risk of loss of value arising from; human error, errors and deficiencies in systems and processes, deliberate actions or external events.

Management of operational risk

The purpose of managing operational risk is primarily to protect the Group's assets, and assets for which the Group is responsible but which are owned by other stakeholders. This applies to financial assets, as well as other tangible and intangible assets that may be affected by operational risk. This includes financials, information, integrity (compliance), reputation, relationships, delivery capability, people, nature and environment, and physical assets.

SpareBank 1 Sør-Norge seeks to maintain a good balance between trust and control that ensures efficiency is safeguarded, while at the same time the Group is not exposed to unnecessary operational risk. This shall be achieved through a sound risk culture in the organisation, clear requirements, roles and responsibilities, and sound processes for the management of operational risk.

The risk strategy and risk limits for operational risk exposure are established annually and approved by the Board of Directors. The Board of Directors also adopts governing principles and requirements in a separate policy for operational risk. The Group risk management unit is responsible for supporting and challenging risk owners and shall ensure that the Group has a sound framework for identifying, reporting and following up operational risks.

Measurement of operational risk

SpareBank 1 Sør-Norge calculates and holds regulatory capital for operational risk in accordance with the standardised approach. This method is considered to provide an insufficient picture of the actual exposure to operational risk, as it does not take into account business-specific factors and established controls, but is based only on historical net interest income and other income/costs. In order to gain insight into what drives operational risk in the Group, operational risk assessments are therefore carried out, involving process owners and subject-matter experts to identify potential risks and their associated probabilities and consequences.

Significant work has been undertaken to develop methods and processes for identifying and assessing operational risk. During the past few years, regular assessments and updates of the risk picture have identified new operational risks with significant loss potential. At the same time, targeted risk-reducing measures have been implemented, which have kept the aggregate potential loss at a stable level.

Development in operational risk

The pace of change in the industry has been increasing for several years, and increasingly frequent changes may lead to a greater risk of new, unintended operational risks. The Group therefore focuses on the pace of change as a significant risk driver, and carries out thorough risk assessments of all material changes in products, processes, systems and activities. The assessments are carried out in a standardised cross-functional process that ensures the involvement of relevant stakeholders, contributors and decision-makers. In total, more than one hundred change cases were registered and processed during



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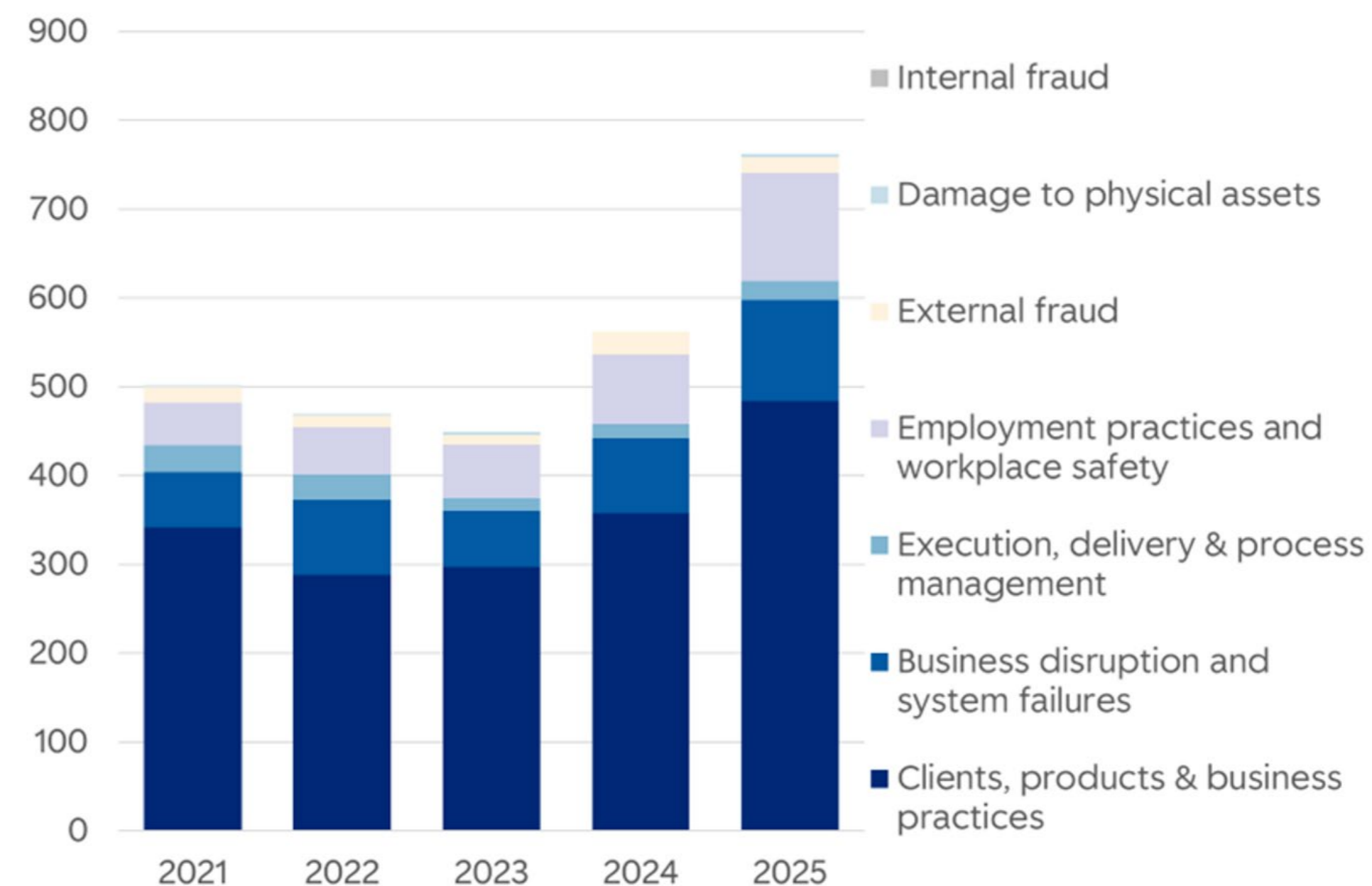
- 2025. Such proactive risk management is key to preventing the Group from being exposed to unintended new risks through isolated or systemic weaknesses in products, systems and routines.

Undesired incidents

The registration of and learning from undesired incidents is an important means of identifying and realising areas for improvement, as well as reducing risk. Over several years, the Group has focused on building a sound culture and sound processes for incident reporting. A total of 763 undesired incidents were registered in 2025, several of which have resulted in measures that lead to a real reduction in the risk of similar and more serious incidents in the future.

The figure below shows the number of registered incidents in the years 2021 to 2025. The figures relate to SpareBank 1 SR-Bank up to the third quarter of 2024 and to SpareBank 1 Sør-Norge on a combined basis thereafter. Total losses from operational incidents in 2025 amounted to NOK 4.539 million, compared with NOK 4.62 million in 2024.

Registered, undesired incidents by Basel categories



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Liquidity risk is the risk that the Group is unable to refinance its debt or does not have the ability to finance an increase in assets.

General information on liquidity risk

The framework for managing liquidity risk shall reflect the Group's risk profile. Liquidity risk shall be low, and the Group shall be robust to both short-term and long-term liquidity stress without having to resort to forced sales of assets or other business measures that may disrupt operations. The Board of Directors reviews and updates the liquidity strategy at least annually.

The liquidity strategy is based on three main principles:

1. The Group shall at all times comply with all regulatory requirements.
2. The Group shall be able to maintain operations for a minimum of 30 days under a severe stress scenario.
3. The Group shall be able to survive for a minimum of 12 months in a normal situation without access to new external funding.

Management and measurement of liquidity risk

Liquidity risk is managed and measured using several methods, as no single method alone can quantify this type of risk. The methods include:

- Limits for maximum refinancing needs within different maturities
- Key balance sheet ratios
- Survival targets in a normal situation assuming closed capital markets
- The short-term liquidity metric Liquidity Coverage Ratio (LCR)
- The long-term funding metric Net Stable Funding Ratio (NSFR)
- Internal stress tests to assess the Group's survival capacity under various scenarios, including severe bank- and market-specific crises

The results of the stress tests form part of the information basis for the Group's liquidity strategy and recovery plan for liquidity crises. Sensitivity analyses are prepared monthly to assess the Group's ability to survive in the event of closed capital markets.

Organisation and responsibility

The Board of Directors sets the Group's limits and risk profile for liquidity risk. The CFO has the overall responsibility for liquidity management, while the Treasury department is responsible for day-to-day liquidity management. The Risk Management function (second line of defence) is responsible for the identification, measurement, monitoring and reporting of exposures, limit utilisation and risk to management and the Board of Directors, as well as reporting to relevant authorities. Liquidity management is centralised and carried out from the head office in Stavanger. SpareBank 1 Sør-Norge has no cross-border activities.

Liquidity reserve and key figures

At the end of 2025, the Group's liquidity reserve amounted to NOK 85.2 billion, of which the liquidity portfolio accounted for NOK 79.5 billion. The portfolio is managed by Treasury and shall at all times consist of well-diversified high-quality liquid assets (HQLA) with a minimum rating of A, as defined in the LCR framework. In addition to the liquidity reserve, NOK 78.7 billion of residential mortgages had been prepared for covered bond funding through SR-Boligkreditt AS. The liquidity position is considered good.

- LCR: 182%, well above the internal requirement of 150%
- NSFR: 132%, well above the internal requirement of 105%



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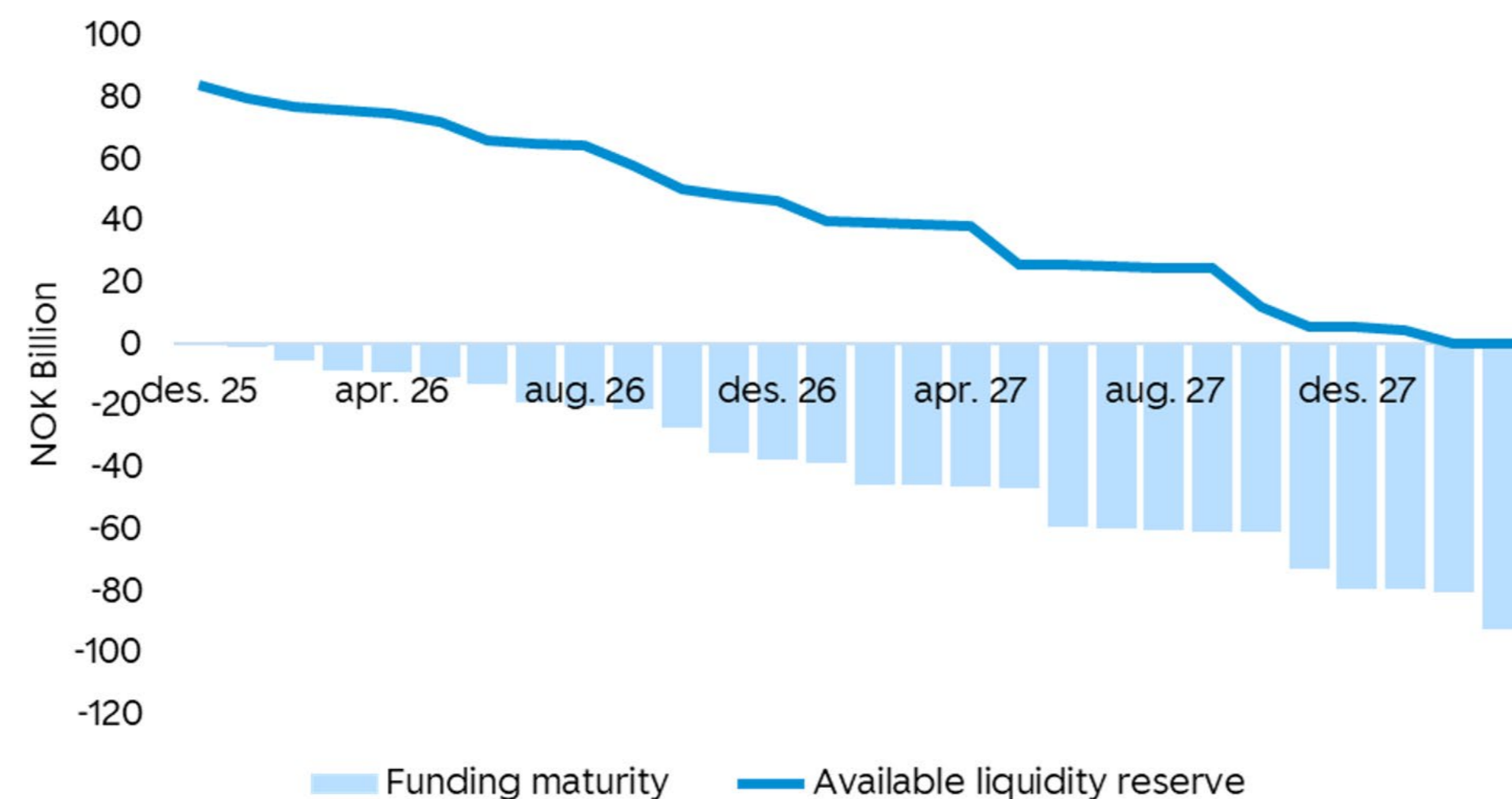
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- • Refinancing need over the next 12 months: NOK 37.3 billion
- • Survival capacity: 26 months without external funding

Sensitivity analysis of the funding risk - basis scenario



As the base scenario assumes that access to external liquidity falls away, new lending can only be financed through instalments and maturities in the existing loan portfolios. In such a situation, the Group's liquidity buffer provides survival capacity until March 2028. The liquidity buffer consists of deposits and highly secure and liquid interest-bearing securities. Customer deposits are a key source of funding. The deposit base increased by NOK 6.3 billion (3.5%) during the year and amounted to NOK 187.2 billion at the end of 2025. The deposit-to-loan ratio was 55.3%, up from 50.4% in 2024.

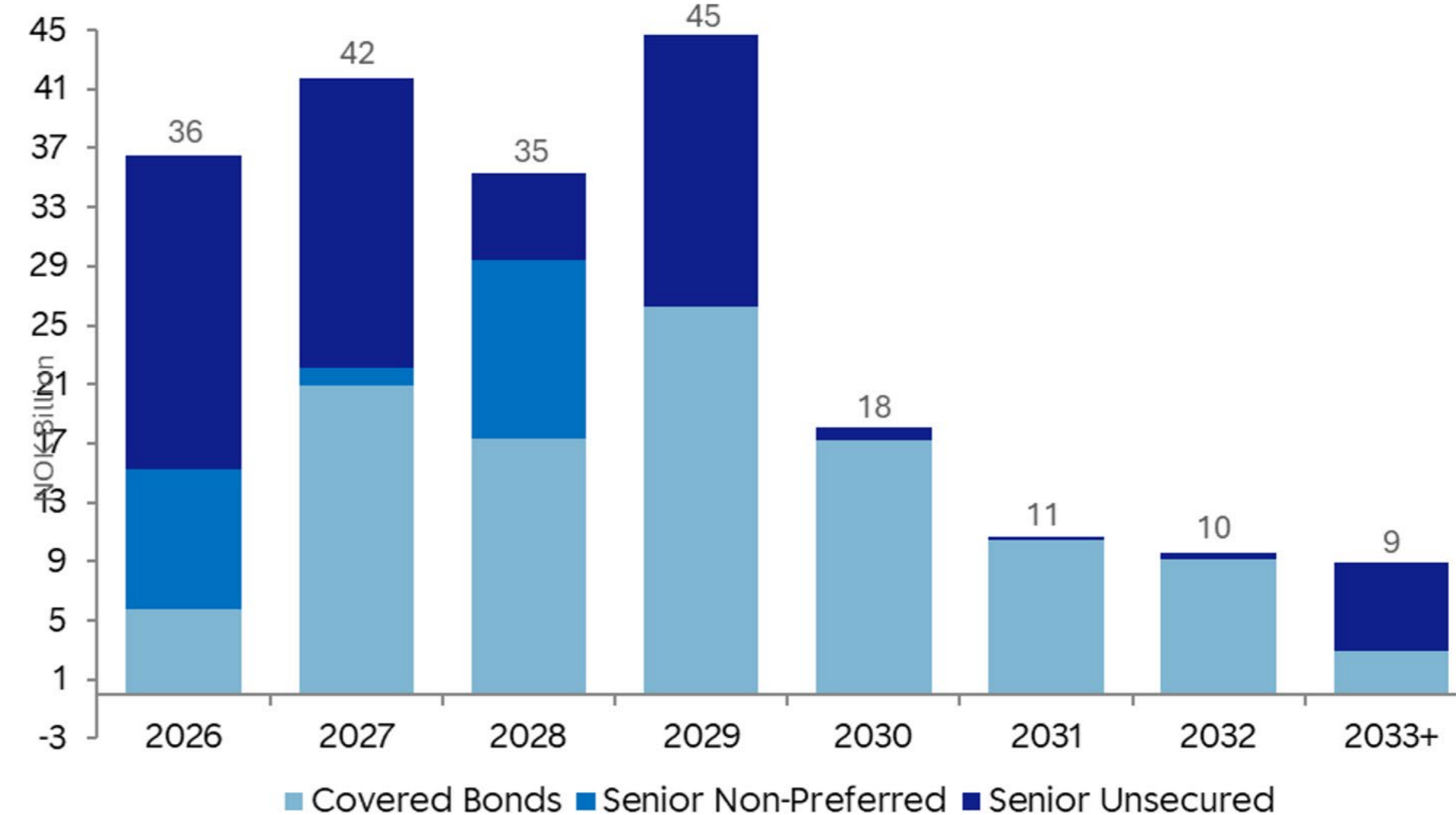
Funding and SR-Boligkreditt AS

The Group's funding is diversified with regard to instrument types, maturities and geography. Through the wholly owned subsidiary SR-Boligkreditt AS, which was established in the second quarter of 2015, residential mortgages are funded through the issuance of covered bonds, contributing to diversification and optimisation of the Group's funding structure.

- Residential mortgages transferred to SR-Boligkreditt AS: NOK 117.7 billion
- Residential mortgages transferred to SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt: NOK 20.8 billion

The maturity structure of debt securities issued is shown in the figure below.

The funding portfolio's maturity structure as of 31.12.2025



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○ **Stress testing and contingency plans**

- Internal stress tests are carried out at least quarterly to assess the Group's ability to survive under various scenarios, including severe bank- and market-specific crises. The tests comprise six individual stress scenarios with different assumptions regarding deposit and lending growth. All scenarios assess when recovery triggers are activated. The results form part of the basis for the liquidity strategy and the Group's contingency plan for liquidity crises.

The Group has a contingency plan for the recovery of liquidity and solvency, which describes roles and responsibilities upon activation. The plan is established for the Board of Directors, crisis management and the crisis management committee, and complies with the requirements of the CRD IV Directive. If the situation is not resolved through the contingency plan, the CEO shall convene the Recovery Committee in order to implement more extensive measures.

Risk profile and compliance

The Board of Directors annually assesses the Group's risk profile and limits for liquidity risk. The risk profile is moderate, and throughout 2025 the Group maintained a strong liquidity position, with all key metrics well above internal and regulatory requirements. There were no breaches of established limits in 2025.

9. Ownership risk

Ownership risk is the risk that SpareBank 1 Sør-Norge incurs a negative result from ownership interests in strategically owned companies, or that the Group must contribute new equity capital to strategically owned companies. Owner companies are defined as companies in which SpareBank 1 Sør-Norge has a significant ownership interest and influence.

Management of ownership risk

SpareBank 1 Sør-Norge places strong emphasis on governance and control in companies in which the Bank has full or partial ownership. As the largest bank in the SpareBank 1 Alliance, SpareBank 1 Sør-Norge is represented as a board member in all partially owned companies of particular importance. This applies both to companies directly owned by SpareBank 1 Sør-Norge and indirectly through its 19.5 per cent ownership interest in SpareBank 1 Gruppen. Within the Group, all follow-up of ownership interests is consolidated under the EVP Finance and Treasury. All reporting from the individual companies and matters relating to capital increases and similar issues are reviewed there.

The Risk Management department has independent quarterly follow-up of the companies, where risk limits, stress tests and forecasts are reviewed, challenged and reported. Through active board participation in a number of the partially owned companies, good access to information is ensured, safeguarding SpareBank 1 Sør-Norge's ownership interests. In matters considered important to SpareBank 1 Sør-Norge's other operations, the relevant chair/board member brings the matter forward for plenary discussion in the Group Executive Management. Risk limits and the allocation of risk capital for each individual company are established annually by the Bank's Board of Directors. This is based on a framework for the assessment of risk.

General information on ownership risk

Ownership risk varies from company to company, depending on the company's business and the inherent risk associated with it, as well as SpareBank 1 Sør-Norge's ownership interest. The figure on the following page shows companies in which the Bank has direct and indirect ownership interests.

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Partly owned companies as of 31 December 2025.

○ **Directly owned companies**

Ownership

<p>SpareBank 1 Gruppen AS Holding company for the products companies in the SpareBank 1 Alliance</p> <p>19.5%</p>	<p>SpareBank 1 Gjeldsinformasjon AS Managers stake in Norsk Gjeldsinformasjon AS (16.5%)</p> <p>29.5%</p>
<p>SpareBank 1 Utvikling DA Delivers business platforms and common management and development services to the Alliance</p> <p>18.0%</p>	<p>Kredittbanken ASA Credit cards and loans for the banks' retail customers.</p> <p>23.3%</p>
<p>SpareBank 1 Forvaltning AS Fund management and portfolio management</p> <p>41.9%</p>	<p>SpareBank 1 Betaling AS Administers ownership of Vipps AS (25.0%)</p> <p>26.2%</p>
<p>BN Bank ASA Commercial bank with head office in Trondheim</p> <p>42.5%</p>	<p>SpareBank 1 Næringskreditt AS Mortgage company - issuer of covered bonds</p> <p>7.2%</p>
<p>SpareBank 1 Bank og Regnskap AS Accounting application and bank in a single smart package</p> <p>35.3%</p>	<p>SpareBank 1 Boligkreditt AS Mortgage company - issuer of covered bonds</p> <p>6.4%</p>
<p>SB1 Markets AS Capital market company</p> <p>28.1%</p>	

Subsidiaries

No. of FTEs

<p>SR-Boligkreditt AS Mortgage company - issuer of covered bonds (home mortgages)</p> <p>0</p>
<p>EiendomsMegler 1 Sør-Norge AS Sales of homes and commercial properties</p> <p>341</p>
<p>EiendomsMegler 1 Telemark AS Sales of homes and commercial properties</p> <p>35</p>
<p>SpareBank 1 Sør-Norge Forretningspartner AS Accounting and advice</p> <p>401</p>
<p>FinStart Nordic AS Investment portfolio, FinTech</p> <p>0</p>
<p>Finansparken Bjergsted AS Property – head office</p> <p>0</p>
<p>Sparebankgården AS Real estate</p> <p>0</p>
<p>Tufte Eiendom AS Real estate</p> <p>0</p>

10. Climate and environmental risk

Climate and environmental risk is the risk of economic losses and financial instability resulting from physical climate change and society's response to it.

Climate and environmental risk is an integrated part of the Group's risk management processes, and SpareBank 1 Sør-Norge identifies and assesses climate-related risks and opportunities that may affect customers, business areas and operations at different levels. The Group's loan portfolio undergoes annual stress tests and financial projections. SpareBank 1 Sør-Norge's largest exposure to climate risk lies in the corporate portfolio, and accordingly the management of climate risk from this part of the business is prioritised. The Group has commenced climate transition plans with emissions reduction targets for several of the most important industries in the corporate portfolio; shipping, oil/gas, offshore, agriculture and commercial real estate, and finally for the residential mortgage portfolio.

The Sustainable Financing Framework constitutes the framework for defining loans as green or sustainability-linked and is a key tool in connection with the Group's targets for green and sustainable financing up to 2030.

The Group uses the common SpareBank 1 risk framework for the assessment of sustainability risk (ESG assessment). The ESG framework is used in connection with credit approval and renewal of corporate customers with exposure above NOK 10 million. It contains evaluation criteria for several specific industries, and it includes inherent risk by industry. The ESG assessment is based on questions within the four sub-themes physical climate risk (E), transition risk (E), social conditions (S), and governance (G), and provides a sub-score for each sub-theme as well as a total score. If a customer receives a particularly low ESG score, it is a requirement

that the customer adviser prepares an improvement action plan together with the customer. The purpose of the scoring is to assess the customer's sustainability risk, as well as to assist the customer adviser in the dialogue with the customer on sustainability. The Group's overall sustainability ambition is to be the customer's ally in the transition. Therefore, integrating sustainability into the customer dialogue in a sound manner is an important success factor. Experience to date has been good, and the scoring shows good ranking of customers.

The collection, quality assurance, storage and onward transmission of ESG risk data for internal purposes and external reporting is a major challenge, which is, among other things, being addressed in cooperation with the ESG Data Team in SpareBank 1 Utvikling. This team has delivered a significant portion of the ESG data to the Group, the most recent addition being data for the Group's accounts of financed greenhouse gas emissions. SpareBank 1 Sør-Norge contributes by seconding resources to this department.

As a large bank in Norway, the Group is subject to extensive disclosure requirements within the ESG area. From 2024, this has meant reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD).

Furthermore, the Group is subject to the requirements from the European Banking Authority (EBA) concerning the management of ESG risk, effective from January 2026. The Group has carried out an analysis of its own status against the requirements from EBA and concludes that its status is satisfactory.

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Article in CRR	Description	Reference in Risk and capital management – Disclosure according to Pillar 3 2025	Reference in Pillar 3 additional Excel disclosures (table)	Reference in annual report 2025 and interim reports or on the website
TITLE I GENERAL PRINCIPLES				
Article 431 Disclosure requirements and policies				
1-2	General disclosure requirements	This report, Risk and capital management- Disclosure according to Pillar 3 2025		Annual report, chapter on Corporate Governance, description of Risk management and internal control and financial reports
3	Requirement to have a formal policy and internal processes, systems and controls to comply with the disclosure requirements	Ch. 0: Risk Statement		
4	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures,			
5	Upon request, explanations of rating decisions to SMEs or other corporate applicants for loans	Can be provided upon request		
Article 432 Non-material, proprietary or confidential information				
1-3	Institutions may exclude non-material, proprietary or confidential information under certain conditions	Not applicable		
Article 433 Frequency and scope of disclosures				
	General information about disclosures	Ch. 1: About this report		Financial Calendar in Annual report
Article 433a	Disclosures by large institutions	Ch. 1: About this report		Financial Calendar in Annual report
	Frequency requirements for publishing disclosures of Pillar 3 information for large institutions		Contents page	

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Article 433b	Disclosures by small and non-complex institutions	Not applicable
Article 433c	Disclosures by other institutions	Not applicable
Article 434	Means of disclosures	Financial Reports
1	Electronic submission of Pillar 3 disclosures to EBA; publication in a single medium.	
2	Disclosure deadlines aligned with financial or supervisory reporting.	
3	Article 450 disclosures may be submitted separately within two months after annual financial statements.	
4	EBA publishes disclosures of small and non-complex institutions.	
5	Institutions retain data responsibility; EBA provides a single access point and archive.	
6	EBA monitors and reports usage statistics of the single access point.	
Article 434a	Uniform disclosure formats	
Article 434b	Accessibility of information on the European single access point	
1-5	From 10 January 2030, institutions must submit Part Eight disclosures to EBA for publication on ESAP in data extractable formats with required metadata, and EBA will develop implementing technical standards specifying metadata, data structuring and machine readable requirements, which the Commission may adopt under Article 15 of Regulation (EU) 1093/2010.	
Article 434 c	Report on the feasibility of the use of information reported by institutions other than small and non-complex institutions to publish an extended set of disclosures on the EBA website	
TITLE II TECHNICAL CRITERIA ON TRANSPARENCY AND DISCLOSURE		
Article 435	Disclosure of risk management objectives and policies	
1	Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to under this Title. These disclosures shall include:	

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1a	Strategies and processes to manage the risks	Ch.2 Risk management and control; Ch. 3 Capital management; Ch. 4 Credit risk; Ch. 5 Counterparty risk; Ch. 6 Market risk; Ch. 7: Operational risk; Ch. 8; Liquidity risk; Ch. 9 Ownership risk; Ch. 10 Climate risk	Annual report, chapter on Corporate Governance regarding risk and internal control and Note 6 on Financial risk management
1b	Structure and organisation of the risk management organisation including its authority and statutes	Ch. 2 Risk management and control	Annual report, chapter on Corporate Governance regarding risk and internal control and Note 6 on Financial risk management
1c	Scope and nature of risk reporting and measurement systems	Ch. 2 Risk management and control	Annual report, chapter on Corporate Governance regarding risk and internal control and note 6 on Financial risk management
1d	Policies for hedging and mitigating risk	Ch.2 Risk management and control; Ch. 3 Capital management; Ch. 4 Credit risk; Ch. 5 Counterparty risk; Ch. 6 Market risk; Ch. 7: Operational risk; Ch. 8; Liquidity risk; Ch. 9 Ownership risk; Ch. 10 Climate risk	
1e	Declaration of conformity that the risk management system is fit- for-purpose in relation to the institution's profile and strategy	Ch. 0 Risk statement	
1f	Risk statement with overall risk profile	Ch. 0 Risk statement	
2	Institutions shall disclose the following information, including regular, at least annual updates, regarding governance arrangements:		
2a-c	Corporate governance disclosures	Ch. 2 Risk management and control	Annual report, chapter on Corporate Governance
2d	Whether or not the institution has set up a separate risk committee	Ch. 2 Risk management and control	
2e	Description of the information flow on risk to the management body	Ch. 2 Risk management and control	
Article 436	Disclosure of the scope of application		
a	Name of the institution to which the requirements in this Regulation apply	Front page and Ch. 1 About this report	

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b	Reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation	Ch. 1 About this report	LI3
c	a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks		LI1
d	a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes		LI2
e	for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and nontrading book position		Not applicable
f	any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries	Ch. 3 Capital management	
g	the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries;		LI3
h	where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9.		LI3
Article 437	Disclosure of own funds	Ch. 3 Capital management	Annual report note 5 on capital adequacy
	Institutions shall disclose the following information regarding their own funds:		
a	General disclosure requirements regarding own funds		CC1, CC2
b	Description of the main features of capital instruments		CCA

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c	Full terms and conditions of capital instruments		CCA
d I-III	Separate disclosures on the nature of prudential filters, deductions, and items not deducted		CC1
e	Description of restrictions applied to the calculation of own funds		CC1
f	Explanation of the basis on which capital ratios have been calculated if other than the basis specified in this Regulation	Not applicable	
Article 437a	Disclosure of own funds and eligible liabilities		
	Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities:		
a	the composition of their own funds and eligible liabilities, their maturity and their main features		
b	the ranking of eligible liabilities in the creditor hierarchy		
c	the total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4)		
d	the total amount of excluded liabilities referred to in Article 72a (2).		
Article 438	Disclosure of own funds requirements and risk-weighted exposure amounts	Ch.3 Capital management	Annual report note 5 on capital adequacy
	Institutions shall disclose the following information regarding their compliance with Article 92 of this Regulation and with the requirements laid down in Article 73 and in point (a) of Article 104(1) of Directive 2013/36/EU:		
a	Institution's approach to assessing the adequacy of its internal capital	Ch. 3 Capital management	
b	the amount of the additional own funds requirements based on the supervisory review process as referred to in Article 104(1), point (a), of Directive 2013/36/EU to address risks other than the risk of excessive leverage and its composition;		KM1
c	upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process;	Provided upon request; SpareBank 1 Sør-Norge's ICAAP-report	

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d	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	Ch. 4 Credit risk	OV1
da	where required to calculate the un-floored total risk exposure amount as calculated in accordance with Article 92(4), and the standardised total risk exposure amount as calculated in accordance with Article 92(5), to be broken down by the different risk categories or risk exposure classes, as applicable, set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds;		CMS1, CMS2
e	the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 133(3) to (6), and Article 495a(3);		Not applicable
f	the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis		INS1
g	the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied;		Not applicable
h	the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations		CR8, MR2-B
Article 439	Disclosure of exposures to counterparty credit risk	Ch. 5 Counterparty risk	

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a	Methodology to assign internal capital and credit limits for counterparty credit exposures	
b	Policies for securing collateral and establishing credit reserves	
c	Policies with respect to wrong-way risk exposures	
d	Impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating	Not applicable
e	the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions	CCR5
f	for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three	CCR1
g	for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three,	CCR1
h	the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three	CCR2
i	The exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures;	CCR8
j	the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold	Not applicable
k	the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9)	CCR1
l	separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452	CCR3

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m	for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	Not applicable	
Article 440	Disclosure of countercyclical capital buffers	Ch. 3 Capital management	
a	Geographic distribution of credit exposures for calculating the countercyclical capital buffer		CCyB1
b	Amount of the countercyclical capital buffer		CCyB2
Article 441	Disclosure of indicators of global systemic importance	Not applicable	
	Indicators used for determining the score of the institution in accordance with the identification methodology		
Article 442	Disclosure of exposures to credit and dilution risk	Ch. 4 Credit risk	
a	the scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes;		
b	Methods for determining specific and general credit risk adjustments		
c	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;		CQ1, CR1, CQ5
d	an ageing analysis of accounting past due exposures;		CQ3
e	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures;		CQ5

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f	Any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;		CR2
g	the breakdown of loans and debt securities by residual maturity.		CR1-A
Article 443	Disclosure of encumbered and unencumbered assets	Ch. 8 Liquidity risk	
	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks.		AE1, AE2, AE3, AE4
Article 444	Disclosure of the use of the Standardised Approach	Ch. 4 Credit risk	
	Institutions calculating their risk-weighted exposure amounts in accordance with Chapter 2 of Title II of Part Three shall disclose the following information for each of the exposure classes set out in Article 112:		
a	Names of the nominated ECAIs and ECAs and the reasons for any changes in those nominations over the disclosure period;		CR5
b	Exposure classes for which each ECAI or ECA is used		CR5
c	Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book	Not applicable	
d	Association of the external rating of each nominated ECAI or ECA with the institution's scale of credit quality steps	Not applicable	
e	Exposure values before and after credit risk mitigation associated with each credit quality step		CR4, CR5, CCR3
Article 445	Disclosure of exposures to market risk under the standardised approach	Not applicable	
	Capital requirements for market risk		
Article 445a	Disclosure of CVA risk		

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	Institutions subject to the own funds requirements for CVA risk shall disclose the following information:	
1a	An overview of their processes to identify, measure, hedge and monitor their CVA risk;	Ch.5 Counterparty risk
1b	whether institutions meet all of the conditions set out in Article 273a(2); where those conditions are met, whether institutions have chosen to calculate the own funds requirements for CVA risk using the simplified approach set out in Article 385; where institutions have chosen to calculate the own funds requirements for CVA risk using the simplified approach, the own funds requirements for CVA risk in accordance with that approach;	Not applicable
1c	the total number of counterparties for which the standardised approach is used, with a breakdown by counterparty types.	Not applicable
2	Institutions using the standardised approach set out in Article 383 for calculating the own funds requirements for CVA risk shall disclose, in addition to the information referred to in paragraph 1 of this Article, the following information:	
2a	the structure and the organisation of their internal CVA risk management function and governance;	Not applicable
2b	their total own funds requirements for CVA risk under the standardised approach with a breakdown by risk class;	Not applicable
2c	an overview of the eligible hedges used in that calculation, with a breakdown by type of instruments set out in Article 386(2).	Not applicable
3	Institutions using the basic approach set out in Article 384 for calculating the own funds requirements for CVA risk shall disclose, in addition to the information referred to in paragraph 1 of this Article, the following information:	
3a	their total own funds requirements for CVA risk under the basic approach, and the components BACVA _{total} and BACVA _{csr-hedged} ;	CVA1
3b	an overview of the eligible hedges used in that calculation, with a breakdown by type of instruments set out in Article 386(3).	Not applicable
Article 446	Disclosure of operational risk	Ch. 7 Operational risk

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1	Institutions shall disclose the following information:	
a	Main characteristics and elements of the operational risk management framework	
b	own funds requirement for operational risk equal to the business indicator component calculated in accordance with Article 313;	OR3
c	the business indicator, calculated in accordance with Article 314(1), and the amounts of each of the business indicator components and their sub-components for each of the three years relevant for the calculation of the business indicator;	
d	the amount of the reduction of the business indicator for each exclusion from the business indicator in accordance with Article 315(2), as well as the corresponding justifications for such exclusions.	
2	Institutions that calculate their annual operational risk losses in accordance with Article 316(1) shall disclose the following information in addition to the information referred to in paragraph 1 of this Article:	
a	annual operational risk losses for each of the last 10 financial years, calculated in accordance with Article 316(1);	
b	the number of exceptional operational risk events and the amounts of the corresponding aggregated net operational risk losses that were excluded from the calculation of the annual operational risk loss in accordance with Article 320(1), for each of the last 10 financial years, and the corresponding justifications for those exclusions.	
Article 447	Disclosure of key metrics	
a	Composition of own funds and own funds requirements	KM1
b	Total risk exposure amount	KM1
c	Amount and composition of additional own funds which the institutions are required to hold	KM1
d	Combined buffer requirement which the institutions are required to hold	KM1

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e	Leverage ratio and the total exposure measure as calculated in accordance with Article 429	KM1
f (I-III)	Information in relation to liquidity coverage ratio as calculated	KM1
g (I-III)	Information in relation to net stable funding requirement as calculated	KM1
h	Own funds and eligible liabilities ratios and their components, numerator and denominator	KM2, TLAC1
Article 448	Disclosure of exposures to interest rate risk on positions not included in the trading book	Ch.6 Market risk
	Institutions shall disclose the following information on their exposure to interest rate risk on positions not included in the trading book:	
1a	the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	IRRBB1
1b	the changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	IRRBB1
1c	description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;	
1d	an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;	
1e	the description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including:	

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(i)	a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income;	
(ii)	a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences;	
(iii)	a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk;	
(iv)	the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3);	
1f	the description of the overall risk management and mitigation strategies for those risks;	
1g	average and longest repricing maturity assigned to non-maturity deposits.	
2	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardized methodology referred to in Article 84(1) of Directive 2013/36/EU.	Not applicable
Article 449	Disclosure of exposures to securitisation positions	Not applicable
Article 449a	Disclosure of environmental, social and governance risks (ESG risks)	Ch. 10 Climate risk
Table 1	Qualitative information on Environmental risk	ESG Qualitative
Table 2	Qualitative information on Social risk	ESG Qualitative
Table 3	Qualitative information on Governance risk	ESG Qualitative
Template 1	Banking book – Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	ESG 1

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○	Template 2	Banking book – Indicators of potential climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral	ESG 2
○	Template 3	Banking book – Indicators of potential climate change transition risk: Alignment metrics	ESG 3
○	Template 4	Banking book – Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms	ESG 4
○	Template 5	Banking book – Indicators of potential climate change physical risk: Exposures subject to physical risk	ESG 5
●	Template 6	Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures	ESG 6
○	Template 7	Mitigating actions: Assets for the calculation of GAR	ESG 7
○	Template 8	GAR (%)	ESG 8
○	Template 9	Mitigating actions: BTAR	Not applicable
○	Template 10	Other climate change mitigating actions that are not covered in Regulation (EU)2020/852	ESG10
	Article 449b	Disclosure of aggregate exposure to shadow banking entities	
		Institutions shall disclose the information concerning their aggregate exposure to shadow banking entities, as referred to in Article 394(2), second subparagraph.	
	Article 450	Disclosure of remuneration policy	Annual report, chapter” Corporate Governance”, 11” Remuneration of the board of directors” and 12.” Remuneration of executive persons”, Executive Remuneration report 2025 and Executive Remuneration Policy
	1	Remuneration policy and practices:	
	1a	Decision-making process used for determining remuneration policy, and number of meetings held by main body overseeing remuneration during the financial year	REMA
	1b	link between pay and performance	REMA

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1 c-f	Criteria for performance measurement, parameters and rationale for any variable component scheme	REMA
1 g-k	Aggregate quantitative information on remuneration, including breakdowns	REM1, REM2, REM3, REM5
2	Quantitative information about remuneration to members of the institution's management body for significant institutions	REMA
Article 451	Disclosure of leverage ratio	Ch. 3 Capital management
1a	Leverage ratio	LR1
1b	a breakdown of the total exposure measure as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	LR1, LR2, LR3
1c	The amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7);	LR2
1d	Description of the processes used to manage the risk of excessive leverage	
1e	Description of factors that had an impact on the leverage ratio during the period	LR1
1f	the amount of the additional own funds requirements based on the supervisory review process as referred to in Article 104(1), point (a), of Directive 2013/36/EU to address the risk of excessive leverage and its composition.	
2	Disclosures for public development institutions	
3	Large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7).	LR2
Article 451a	Disclosure of liquidity requirements	Ch. 8 Liquidity risk
1	General requirement	
2	Disclosure of information in relation to liquidity coverage ratio (LCR)	LIQB

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a-c	Disclosure of averages based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	LIQ1
3	Disclosure of information in relation to net stable funding ratio (NSFR)	LIQ2
a-c	Quarter-end figures of available and required stable funding	LIQ2
4	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk	
Article 451b	Disclosure of crypto-asset exposures and related activities	Not applicable
1	Institutions shall disclose their crypto-asset exposures, related operational risk, accounting classifications, business activities and associated risk-management policies, including detailed information on material activities where relevant.	
2	Institutions may not apply the Article 432 exemption to these disclosure requirements.	
TITLE III QUALIFYING REQUIREMENTS FOR THE USE OF PARTICULAR INSTRUMENTS OR METHODOLOGIES		
Article 452	Disclosure of the use of the IRB Approach to credit risk	Ch. 4 Credit risk
a	Competent authority's permission of the approach or approved transition	
b	for each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach or to the IRB Approach, as well as the part of each exposure class subject to a roll-out plan	CR6-A
c	the control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on:	
(i)	the relationship between the risk management function and the internal audit function;	Ch. 2 Risk management and control
(ii)	the rating system review;	

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(iii)	the procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;	
(iv)	the procedure to ensure the accountability of the functions in charge of developing and reviewing the models;	
d	the role of the functions involved in the development, approval and subsequent changes of the credit risk models; separately for each IRB exposure class	
e	the scope and main content of the reporting related to credit risk models;	
f	description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering:	
(i)	definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods;	
(ii)	where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure;	
(iii)	where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables;	
g	as applicable, the following information in relation to each exposure class referred to in Article 147:	CR6
(i)	gross on-balance-sheet exposure	CR6
(ii)	off-balance-sheet exposure values prior to the relevant conversion factor	CR6

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(iii)	exposure after applying the relevant conversion factor and credit risk mitigation;	CR6
(iv)	any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk	CR6
(v)	separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission	CR6
h	institutions' estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.	CR9
Article 453	Disclosure of the use of credit risk mitigation techniques	Ch. 4 Credit risk
a	Policies and processes for on- and off-balance-sheet netting	
b	Policies and processes for collateral valuation and management	
c	Main types of collateral taken by the institution	
d	Main types of guarantor and credit derivative counterparty and their creditworthiness	
e	Information about market or credit risk concentrations within the credit mitigation taken	
f	Exposure value covered by eligible financial and other collateral for exposures under the standardised approach or the IRB approach without own estimates of LGD and CCF	CR3
g	Conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	CR7-A, CR4

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h	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation	CR4
i	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class;	CR4
j	Credit risk mitigation impact of credit derivatives	Not applicable
Article 454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	Not applicable
	Description of the use of insurance and other risk transfer mechanisms to mitigate operational risk	
Article 455	Use of internal models for market risk	Not applicable
1 a-f	An institution using the internal models referred to in Article 325az for the calculation of the own funds requirements for market risk shall disclose information	
2 a-c	Institutions shall disclose on an aggregate basis for all trading desks covered by the internal models	
3	Institutions shall disclose on an aggregate basis for all trading desks the own funds requirements for market risk that would be calculated in accordance with Part Three Title IV, Chapter 1a, had the institutions not been granted permission to use their internal models for those trading desks	

Our aim is to
stimulate growth
and development

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