

The Risk Committee's Terms of Reference – SpareBank 1 SR-Bank

Approved by the bank's board of directors, 19 December 2018

1. ISSUER OF THE INSTRUCTIONS

Commercial banks' risk committees are regulated by section 13-6(4) of the Financial Institutions Act. The board of directors of SpareBank 1 SR-Bank shall issue instructions for the risk committee.

2. MEMBERS OF THE RISK COMMITTEE

The board shall elect at least three of its members to form the risk committee and appoint the chair of the committee. The chair and members shall be appointed each year. The members shall be independent of the group's actual executive management team and a majority of the committee's members shall have relevant and adequate knowledge and experience of risk management. None of the bank's other board committees may be made up of the same group of members that make up the committee and steps shall be taken to ensure the committee members are rotated. The chair of the risk committee cannot be the chair of the board or the chair of another board committee.

3. PURPOSE

The risk committee is a preparatory and advisory working committee of the board and is tasked with conducting more thorough assessments of designated issues and reporting the results to the board.

The risk committee shall ensure that the group's risk and capital management underpins the group's strategic development and goal attainment, while ensuring financial stability and prudent asset management.

4. AUTHORITY AND RESPONSIBILITIES

The risk committee has the authority to investigate all activities and matters relating to the group's overall risk and may obtain information from any employee. All of the group's employees and elected officers shall provide any information and assistance requested by the risk committee.

The risk committee may initiate the investigations it deems necessary to fulfil its duties, including obtaining external advice and assistance.

The risk committee is accountable to the board of SpareBank 1 SR-Bank in relation to the fulfilment of its duties. The individual member has no special external responsibilities in their capacity as a member of the risk committee. The responsibilities of the board and its individual board members remain unchanged regardless of the work of the committee.

5. DUTIES

The risk committee shall:

- Ensure that risk management and compliance frameworks and policies are working satisfactorily and are in line with the board's level of ambition.
- Make recommendations concerning the group's risk profile, including assessing the group's willingness and ability to take risk, as well as overarching risk strategies and risk frameworks.
- Check that the group's risk exposure is in line with its approved willingness and ability to take risk.

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- Ensure that the internal capital adequacy assessment process (ICAAP) is an integral part of the group's strategy process.
- Monitor the group's funding strategy, including monitoring and control of the factors that directly and indirectly affect the bank's funding and refinancing risk.

- Ensure that the group has a good risk culture characterised by a high awareness of risk management and the group's core values.
- Assess and monitor strategic risk as well as changes in external framework conditions.
- Assess and follow up the group's strategy for pricing risk and how it exercises this.
- Monitor the group's compliance risk and compliance with laws and regulations.
- Ensure that the IRB system is well integrated in the organisation and that the IRB system satisfactorily calculates risk level and capital requirements.
- Assess whether the incentives that follow from the bank's reward policies adequately take risk, capital, liquidity and earnings into consideration.
- Ensure that the group has a satisfactory recovery plan.
- Assess and make recommendations to the board on the choice of internal auditor and make recommendations to the board on the approval of the internal auditor's fees.
- Keep abreast of applicable and future amendments to acts and regulations and advise the board on them as appropriate.
- The risk committee shall be informed of terminations and new appointments in relation to the positions of EVP Risk Management, and head of compliance. The CEO shall explain the reasons for terminations.
- Assess other aspects as determined by the board and/or risk committee or which the internal auditor wants addressed.

6. REPORTING

The risk committee shall report from its meetings in the board.

Minutes from the committee's meetings shall be presented to the board for its information.

7. MEETING FREQUENCY

The risk committee shall meet as often as it deems necessary, although at least four times a year. A meeting and work schedule shall be prepared for the committee each year. The meeting and work schedule shall be approved by the board.

8. MEETING ATTENDANCE

In addition to the members of the risk committee, the Executive Vice President, Risk Management and Compliance and the committee's secretary shall also attend its meetings. The head of administration shall be the committee's secretary. The internal auditor shall attend as required. Other board members and the CEO may also attend the meetings.