

Instructions for the Board of Directors of SpareBank 1 Sør-Norge ASA

(Approved by the Board of Directors of SpareBank 1 SR-Bank ASA, 04.05.2022)

In accordance with section 6-23 of the Public Limited Liability Companies Act, the board has approved the following instructions:

1. Purpose

The Instructions for the Board of Directors lay down rules for the board's work and procedures, including what matters must be considered by the board, as well as rules for convening and conducting board meetings. The CEO's additional duties and obligations in relation to the board beyond those stated in these instructions are specified in a separate set of instructions appended to these instructions.

2. The governance and supervisory responsibilities of the board

The board is responsible for the governance of the institution. The board must ensure that operations are appropriately organised, which includes ensuring compliance with the requirements for the organisation of the institution and the establishment of appropriate governance and supervisory systems.

The board must determine the group's strategy, approve specific action plans for operations, and verify their execution.

The board must establish plans and budgets for the institution's operations. The board must keep abreast of the institution's financial position and obligations, and ensure that its operations, accounts and asset management are subject to satisfactory supervision, which includes securing access to information about risk and determining the scope, format and frequency of reporting.

The board must ensure that the institution has sufficient capital adequacy and liquidity to cover its risk and the scope of operations in the institution, and that it complies with the current law and rules at all times.

The board must supervise the day-to-day management of the institution and all other aspects of its operations. The board must establish instructions for its day-to-day management and ensure that executive vice presidents regularly provide the board with reports on the institution's operations, risk taking, capital adequacy, position and financial performance.

The board will initiate the investigations it deems necessary to discharge its duties. The board will initiate such investigations if required to by one or more board members.

The institution is obliged to have internal audit function to verify that the institution is being organised and operated appropriately in accordance with the current laws and regulations. The internal auditor has the right to attend board meetings and must report to the board on risk management and internal control at least once a year.

3. Matters for board consideration

The chair of the board must ensure that matters that fall under the board's jurisdiction are considered by it.

The board must:

- Consider matters that fall under the jurisdiction of the board according to the law or the articles of association, including matters that are of material significance or that are unusual in nature.
- Publish an annual report and establish the annual financial statements, including allocating the profit or covering losses, no later than 3 months after the end of the accounting year.
- Ensure that the institution has established effective procedures in order to ensure that its financial statements and financial reporting comply with the regulations and relevant standards.
- Approve and regularly revise business and risk strategies, its risk appetite and frameworks, and overarching plans, policies, guidelines and instructions tailored to its operations. Define a corporate risk strategy, including risk appetite and frameworks for risk management, as well as specific plans for operations, and check that such plans, initiatives and risk management measures are implemented.
- Establish and follow up scorecards.
- Organise the management of the institution's affairs, including establishing authorisations or delegated authorisations and/or making decisions about individual credit cases.
- Appoint a CEO, establish instructions for the CEO and determine the CEO's remuneration. The CEO's job description forms part of these Instructions for the Board of Directors.
- Propose guidelines for the remuneration of executive persons for the general meeting's consideration.
- Prepare annual reports on the remuneration of executive persons for the general meeting's consideration.
- Establish principles and overarching guidelines for how outsourcing will take place and how outsourced operations will be followed up and monitored.
- Delegate power of attorney and the authority to sign on behalf of the institution.
- Establish an annual plan for the board's work tailored to the institution's situation and challenges.
- Conduct a self-evaluation of the board's work and the board's expertise on an annual basis.

- Review the main points of the external auditor's audit plan.
- Review letters and reports from the external auditor.
- Appoint and remove the internal auditor. The board must organise and establish guidelines for the internal audit function and the internal audit function's resources and plans require the approval of the board each year.

4. Board committees

The board will appoint its own board committees to the extent the board finds appropriate for its the management of its affairs, or which follows from the law.

The board committees' work must be case preparatory in nature. The board has established the following permanent committees:

- Audit committee
- Risk committee
- Remuneration committee

The board will appoint committee members each year from among board members. The board establishes the remit for the work of the committees, which govern the committee's members, authorities and responsibilities, duties and reporting to the board. The board must evaluate the committees' work each year as part of its self-evaluation.

5. Convening of board meetings and preparing the agenda

Board meeting can be convened as often as the institution's operations require or when a board member requests it.

Board meetings will be convened by the CEO following agreement with the chair of the board or by the chair themselves. The board will be notified in the appropriate manner and with the necessary advance notification. If a board member is unable to attend and they have a deputy, the deputy will be called in.

The CEO will prepare an agenda of items to be considered in consultation with the chair of the board. Priority will be given to strategic matters.

Items will be prepared and presented to provide the board with a satisfactory basis for consideration. Written documentation concerning each item will normally be made available to board members approximately one week before a meeting.

Board meetings will be held at the institution's offices unless otherwise is stated in the notification.

6. The board's consideration of matters

The board will consider matters in meetings, unless the chair of the board believes that a matter can be presented in writing or dealt with in an alternative and satisfactory manner. The annual financial statements and annual report must be considered in a board meeting.

The chair of the board will ensure that items that can be considered without a meeting are considered by as many board members as possible. Board members and the CEO can require matters to be considered in a board meeting.

The meeting agenda will be managed by the chair of the board. If the chair is not present, the board must elect a temporary chair for that meeting.

The chair of the board has a special duty to ensure that the board functions satisfactorily collectively through the active participation of all its members according to their abilities, and to ensure that the relationship with the institution's management is constructive and functions to the benefit of the institution.

The external auditor will take part in meetings that consider the annual financial statements. At such meetings, the auditor will review any major changes to the accounting policies and other material issues of which the board ought to be aware.

The board will hold meetings with the auditor without the CEO or others from the day-to-day management being present at least once a year.

7. Board quorum

The board will have a quorum when more than half of the members are present or take part in consideration of the agenda. Similarly, the board cannot make a decision without all its members being given an opportunity to take part in consideration of the agenda, insofar as this is possible.

For a decision to be valid, at least half of the board members must have voted for the proposal. Decisions will be adopted by a majority vote amongst those present unless otherwise dictated by the law or the articles of association. In the event of a tied vote, the chair will have the casting vote.

In the event of elections or appointments, the person awarded the most votes will be elected or appointed. The board can decide that a new round of voting will be held if there is no clear winner in the first round of voting. In the event of a tied vote for the election of a meeting chair, the vote will be decided by drawing lots. In other instances of a tied vote, the meeting chair will have the casting vote.

8. Minutes of board meetings

Minutes must be taken of the proceedings at board meetings. The minutes must, as a minimum, state the date and place, the participants, the process applied and the decisions of the board. If the board's decision is not unanimous, the minutes must state who voted for and against. If a board member or the CEO does not agree with a decision, they can demand that their opinions be recorded in the minutes.

The minutes must be signed by all members taking part in the meeting. Board members have a duty to familiarise themselves with decisions made by the board in their absence and must sign the minutes to indicate that they have been read.

9. Agreements with close associates of the institution

The board must ensure that the institution complies with sections 3-8 and 3-9 of the Public Limited Liability Companies Act in agreements between the institution and the parties listed therein.

Agreements between the institution and other group entities must be in writing and must be presented to the board for consideration if they are of material financial significance to the institution.

When non-immaterial agreements are entered into between the institution and shareholders, board members or members of the group executive management team, or any close associates thereof, the board must obtain independent third party's opinion of them.

Agreements between the institution and board members, members of the group executive management team, or any close associates thereof, require the approval of the board. Agreements between the institution and a third party also require the approval of the board when a board member or a member of the group executive management team is deemed to have a special interest. However, board approval is not required for agreements entered into as part of the institution's normal activities and that are based on ordinary commercial terms and principles, or for agreements with a low transaction value. Agreements with associated parties must balance and not entail any conflict of interest with the institution or the rest of the group.

All board members and members of the group executive management team must immediately inform the board if they have a direct or indirect interest in a transaction or agreement that the institution has entered into or is considering entering into. This applies even if the board member is deemed to be disqualified from considering the matter.

10. Internal control

The board must ensure that the institution has appropriate internal control procedures and systems. The internal control procedures must be designed to safeguard the institution's values and ethical rules.

The board must review the institution's most exposed areas and internal control measures annually to ensure that they are suitable.

Based on instructions from the board, the CEO must evaluate and propose internal control measures designed to meet the needs of the institution. These must be presented to the board and the board must decide whether or not the proposal is adequate.

The CEO must carry out internal control in line with the guidelines approved by the board and present the results to the board on an ongoing basis.

11. The board's participation in the general meeting

The chair of the board has a duty to attend general meetings, unless this is clearly unnecessary, or they have a legitimate reason to be absent. In the latter case, a designated deputy must attend. Other board members must be invited to general meetings. If in an individual case the general meeting does not decide otherwise, board members have the right to attend and to speak at the meetings.

12. Disqualification

A board member cannot take part in the consideration of a matter or a decision on an issue that is of particular personal importance to that person or to any close associate, where that member can be deemed to have direct or indirect personal or financial interests. The same applies to the CEO. A person will also be disqualified when special factors exist that could result in questions concerning the person concerned's motives for wanting to participate in deciding a matter.

Each board member has a duty to ensure they are not disqualified in relation to any item that will be considered by the board. In the event of doubt, the issue must be brought before the chair of the board. The chair of the board will present questions involving doubt about their possible disqualification to the board as a whole.

Agreements between the institution and a board member or the CEO require the approval of the board. Agreements between the institution and a third party also require the approval of the board when a board member or the CEO is deemed to have a special interest.

Board members, or companies with which they have ties, should not take on special assignments for the institution, or another entity in the group, in addition to their board position. However, should they nevertheless do so, the entire board must be informed. The remuneration for such assignments requires the board approval.

13. Board positions in companies outside the SpareBank 1 Sør-Norge Group

Pursuant to section 9-1 of the Financial Institutions Act, board members in a financial institution cannot simultaneously be board members in another financial institutions unless this can be considered unproblematic in relation to the objects of the Act.

Board members must notify the chair of the board, copied to the board's secretary, if the member wishes to join a board outside the SpareBank 1 Sør-Norge Group.

14. Credit for board members or entities in which a board member is a responsible partner or board member

Loans and guarantees for board members or entities in which a board member is a responsible partner or board member, must comply with the provisions that follow from

sections 9-9 and 9-10 of the Financial Institutions Act. Such loans and guarantees must always have satisfactory collateral and be granted in line with the current guidelines in the institution at any given time.

15. Restrictions on the number of board positions

Neither the chair of the board nor board members may have more roles/board positions than one of the following combinations:

- I. management position in another entity and two board member or deputy member positions, including their position in SpareBank 1 Sør-Norge, or
- II. four board member or deputy member positions, including their position in SpareBank 1 Sør-Norge.

For the purposes of counting, positions in several entities within the same financial group count as a single position. Positions in organisations not primarily engaged in commercial operations are not counted. The Financial Supervisory Authority of Norway can also permit board members to hold one extra board position based on an application.

16. Duty of non-disclosure and prohibition against misusing inside information

Board members have a duty of non-disclosure in relation to anything disclosed to them related to the group or other parties, unless otherwise is specifically stated by the law or regulations and authorised pursuant to the law. Board members have to sign a special non-disclosure agreement.

Misusing inside information is a criminal offence. A person who possesses inside information:

- Has a duty not to disclose inside information to unauthorised persons.
- Has a duty to handle inside information with due care such that the information is not spread to unauthorised persons or misused.
- Is prohibited from misusing the information to trade on their own account in, and from encouraging or advising others to trade in, the relevant financial instrument.

Board members must under no circumstances use their position to obtain personal benefits or act in a manner that could damage the institution's reputation.

17. Primary insiders

Board members are primary insiders pursuant to the Market Abuse Regulation, and have a duty to familiarise themselves with the restrictions stipulated for primary insiders' transactions in SpareBank 1 Sør-Norge's listed financial instruments, including the requirement to notify and any prohibition against trading in connection with financial reporting.

The institution has prepared special instructions for primary insiders' trading in financial instruments and board members must be familiar with these.

18. Changes to these instructions

Any changes to these instructions require the approval of the board by a majority vote.

The CEO's job description is attached to these instructions and forms a supplementary part of these instructions, ref. point 1.