SpareBank 1 SR-Bank ASA
Group Guidelines for AML and Sanctions

1. GROUP GUIDELINES – GENERAL PRINCIPLES

1.1 Background information and general principles

The SpareBank 1 SR-Bank Group is aware of its social responsibility to combat economic crime, money laundering and financing of terrorism. The authorities, customers and competitors must have confidence in the professionalism and integrity of SpareBank 1 SR-Bank. The group will comply with laws and regulations that apply to our corporate operations through vigilance at all levels in the organization.

SpareBank 1 SR-Bank shall actively seek to prevent money laundering and the financing of terrorism and other criminal activities through the group. The SpareBank 1 SR-Bank Group shall establish and maintain justifiable and verifiable measures to minimize the risk of violating laws and regulations or violating our group policies, practices and procedures**.**

1.2 Regulatory authority

SpareBank 1 SR-Bank is regulated by the Financial Supervisory Authority of Norway (www.finanstilsynet.no), whose aim it is to ensure confidence in the financial system and maintain financial stability.

1.3 Self-evaluation

The updated Wolfsberg Group AML Form is available on the bank's website.

2. PURPOSE AND SCOPE

2.1 Purpose

The purpose of SpareBank 1 SR-Bank's Group Guidelines for AML and Sanctions (Konsernretningslinjer AML) is to provide guidelines and principles for establishing, implementing, improving and monitoring compliance. The guidelines will clarify the roles and responsibilities of this work when it comes to manual, systematic and automated routines. The Group guidelines function as the bank's AML policy.

The document is intended to provide a general description of measures implemented at a corporate level, including guidelines and principles for our company's management and control environment and how we organize the company to ensure compliance with legal requirements.

2.2 Scope

The Group AML Guidelines apply to the entire SpareBank 1 SR-Bank group, including all business areas, organizational units, subsidiaries, employees and managers.

3. DEFINITION OF MONEY LAUNDERING, TERROR FINANCING AND SANCTIONS

The guideline utilizes international terminology for money laundering and terror financing: Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF). Under Norwegian law, money laundering is defined as a self-laundering; see Section 337 of the Penal Code. Money laundering exists when the purpose is to safeguard the proceeds of a criminal act. For the proceeds to be used by the perpetrator, they must be integrated into the legal economy. The purpose of money laundering is thus to get proceeds to appear as if they were acquired in a legal manner, i.e. to hide their illicit origin.

Under Norwegian law, terror financing exists when financial support is provided, or money is collected for persons or groups who intend to use the money to commit acts of terrorism; see Sections 131–136a of the Penal Code.

Sanctions are defined according to Norwegian law as *non-military measures in the form of prohibitions against or limitations on economic or other interactions with countries or political movements*; see Section 1 of the Norwegian Sanctions Act.

For other definitions, see chapter 6.

4. REGULATORY REQUIREMENTS, FRAMEWORKS AND STANDARDS

SpareBank 1 SR-Bank is obligated to notify the authorities pursuant to the Norwegian Money Laundering Act and its Regulations, and national rules for sanctions. Guidance from the regulatory authorities forms part of the regulatory requirements. The duty to report obligates SpareBank 1 SR-Bank to implement measures to identify and monitor its customers. Statutory measures must be implemented and enforced based on an assessment of money laundering risk and terror financing risk (so-called risk-based approach). Furthermore, SpareBank 1 SR-Bank is obligated to monitor, investigate and report transactions which would appear suspicious to the National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim).

SpareBank 1 SR-Bank shall develop and maintain an internal framework for addressing money laundering and terror financing issues and sanctions. The framework should ensure that the group complies with the basic requirements and standards in the area, as well as contributing to uniform implementation throughout the group. The framework sets the overall standards and principles for Anti-Money Laundering (AML) and Terror Financing (CTF), which is integrated in the group's business processes. The framework will build on the most recent risk analysis of measures to combat money laundering and terror financing as well as safeguarding the requirements for the sanctioning system. The risk analysis is done annually.

The internal procedures for safeguarding the measures to combat money laundering and terror financing must be dated and approved at the appropriate level. Guidelines have been prepared for how these measures are to be understood and implemented in practice.

The framework should as a minimum contain the following areas:

1. Company-wide risk assessment

2. Group Guidelines for AML and Sanctions
3. AML legislation
4. Case handling routines for investigating and reporting AML
5. Sanctions legislation
6. Case handling procedures for sanctions
7. Framework for subsidiaries

Justifiable and verifiable risk assessment is based on a documented risk analysis. The risk assessment is the basis for risk-based measures directed at our customers, continuous follow-up and transaction monitoring. Money laundering and terror financing risk is part of the group's ICAAP assessment.

Products and services that pose a heightened risk are subject to documented risk-reducing measures based on the risk-based approach. Existing products and services are identified in the Company-wide risk assessment. New products, processes and systems shall undergo a documented assessment of the risk of money laundering and terror financing.

If a violation of regulatory requirements or internal rules is identified, the incident must be recorded in the group's incidents database. Serious violations of regulatory requirements can result in prosecution, for SpareBank 1 SR-Bank as a company and for its employees personally. A violation may also result in an administrative reaction.

The group has established an internal alert system that is used for all matters relating to possible violation of money laundering rules. The solution also complies with requirements for anonymity of alerts.

5. ROLES AND RESPONSIBILITIES

The following roles and responsibilities are set for SpareBank 1 SR-Bank employees.

5.1.1 Board of directors

The board has overall responsibility for AML issues at the group and shall ensure that applicable laws and regulations are complied with.

5.1.2 Chief Executive Officer (CEO)

The CEO shall make certain the group has a satisfactory framework and have effective systems and controls in place in accordance with the guidelines set by the board of directors. The CEO shall ensure that this matter receives adequate attention and necessary resources.

5.1.3 Money Laundering Reporting Officer (MLRO)

The board has appointed Director for Legal, AML & Credit who is assigned the task of ensuring framework compliance at an executive level. Director for Legal, AML & Credit will report to the board of directors.

Director for Legal, AML & Credit has responsibility for ensuring adequate follow-up of anti-money laundering and terror financing routines and making sure the group's policies, procedures and framework are sufficiently supported by the board of directors and executive management. Director for Legal, AML & Credit shall monitor satisfactory implementation of these routines.

5.1.4 The head of the AML Section / Operational MLRO

The head of the AML Section has been delegated strategic and operational responsibility for AML activities at the group level. The delegation includes responsibility for preparing the AML strategy and operationalizing the strategy, investigating and reporting, developing digital monitoring systems and

providing training in these matters or ensuring learning and training of staff in these matters. This is done to strengthen knowledge of the risks within our business culture and to ensure good processes.

5.1.5 AML Section

The AML Section is headed by the Operational MLRO who reports directly to the Director for Legal, AML & Credit. The AML Section shall always have satisfactory staffing to carry out the tasks and responsibilities imposed on the section where level of expertise and capacity are concerned. The Operational MLRO has formal responsibility for delegating tasks to AML Section employees who are responsible for investigating and reporting suspicious activities.

5.1.6 Chief Compliance Officer (CCO)

The CCO shall conduct independent inspections to ensure that the AML regulations are being complied and that measures that are implemented to remedy any deficiencies are effective.

5.3.1 Business divisions and subsidiaries

The group managing directors for Corporate Markets and Private Markets, and the director of the Capital Markets Division, are responsible for the implementation and operationalization of AML policies, practices and procedures within their respective business divisions. Each business division shall appoint its own AML manager. All business areas should consider whether there is a need to establish additional support and control functions in their division.

SpareBank 1 SR-Bank Group has subsidiaries that are subject to AML regulations. Their boards are responsible for ensuring that current guidelines are implemented in routines and processes. The subsidiaries submit quarterly reports to the board of SpareBank 1 SR-Bank. The subsidiaries have appointed AML managers with delegated responsibility for AML compliance.
All management staff at the SpareBank 1 SR-Bank Group are responsible for developing and implementing AML processes in the group. Implementation is based on a risk-based approach and shall ensure that processes are sufficiently effective through ownership and good documentation.

Each manager shall be responsible for implementing this policy in his area of responsibility and ensure compliance with applicable external and internal rules and regulations. The manager must budget adequate resources and make certain all identified risks are followed up with relevant measures in accordance with the group's policies and procedures.

Employees in the business divisions should be familiar with their obligations in pursuance of money laundering regulations. Employees should be able to recognize suspicious transactions and be familiar with internal procedures that apply to dealing with such transactions. Employees at the business divisions are personally responsible for compliance with the bank's procedures and guidelines when performing their work tasks. All employees shall be vigilant in relation to AML/CTF and sanctions.

5.1.8 Group AML Sanctions Forum

The Group AML Sanctions Forum is a group-wide forum that provides advice and guidance for SpareBank 1 SR-Bank compliance with international sanctions and regulations to combat money laundering terror financing. The forum shall consist of the MLRO, the Operational MLRO and representatives from the AML Section, the legal department, operational risk and the business divisions. The forum will meet quarterly and as needed.

5.1.9 Internal controls

SpareBank 1 SR-Bank builds its framework for internal controls on the COSO Model (Committee of Sponsoring Organizations of the Treadway Commission); monitoring compliance is done according to the 3 Lines of Defense.

The first line of defense is operational management governance and internal controls, including processes and activities to ensure compliance with the Money Laundering Act. The MLRO and the AML Section is responsible for the first line of defense. The individual business concept areas are the first line defense for their areas and have responsibility for compliance with money laundering and sanctions laws and regulations, including responsibility for the customer control process. Each business area and support area shall make certain all employees at all levels have the right skills, that relevant risk assessments are carried out and that AML, CTF and sanctions work is monitored and evaluated regularly.

The second line of defense is an independent function which monitors and follows up on the governance and internal controls done by operational management. Second-line defense has responsibility for monitoring and reporting risks to executive management and the board. The Compliance team has a special responsibility regarding compliance according to the Money Laundering Act and reports to executive management and the board regarding compliance.

The third line of defense is an external and independent audit of our internal processes which examines and evaluates the group's overall governance and internal controls for all areas related to money laundering. To ensure that both operational AML responsibility at the first line and monitoring done by the AML Section is done, separate internal audits will be done on customer control process on the first line and separate controls associated with the AML Section's implementation of tasks related to risk assessments, transaction monitoring, parameter setting, validations etc. The internal audit is done independently of administration and reports directly to the board.

5.2 Risk-based approach

The group carries out a company-wide AML risk and sanctions assessment once a year. As part of this assessment, the group will:

1) Identify risks
2) Identify risk-reducing measures
3) Implement risk-reducing measures
4) Ensure adequate training
5) Continuously evaluate the effectiveness of risk-reducing measures to prevent money laundering and financing of terror

5.3 Customer monitoring

SpareBank 1 SR-Bank will not establish or maintain any customer relationship unless the identity of the customer and/or a real rights holder is known and documented. Information provided by the customer about the intentions of the customer relationship and intended nature of transactions must be satisfactorily documented.

The SpareBank 1 SR-Bank Group uses a risk-based approach and Know-Your-Customer principle (KYC) when establishing and monitoring the customer relationship. The group implements extra measures for customers that pose a high risk, such as politically exposed persons (PEP).

The bank also has a risk-based approach to electronic monitoring, including transactions, clients, senders and recipients. The bank requests information to be able to document the purpose of the customer relationship, including the use of products and services, as well as information about the origin of a customer's funds.

5.4 Transaction monitoring

The bank's online monitoring system shall identify suspicious transactions based on criteria/rules from the group's risk analyses. All transactions are monitored daily and any matching entry is screened against international sanctions lists (UN, EU and OFAC lists for foreign transactions). Transactions in foreign countries should be screened before a transaction is carried out. New customers should be screened against the Sanctions List and PEP List before establishing a customer relationship. The Customer Register should be screened against the sanctions lists and against the PEP lists, once a month.

Transactions and suspicious conditions that are prioritized for investigation and reporting to ØKOKRIM/Financial Intelligence Unit (EFE/FIU):

- Transactions related to newly established customer relationships
- Transactions relating to customer relationships identified to pose a high risk
- Transactions related to terror financing
- Transactions linked to tax havens
- Money in transit through SpareBank 1 SR-Bank

5.5 Prohibited activities

The SpareBank1 SR-Bank Group does not accept:

- Assets or funds that are known or suspected to be the proceeds of criminal activity/actions.
- The establishment/maintenance of business relationships with individuals or legal entities found on sanctions lists, known or suspected to be associated with terrorist activities, criminal organizations or members of such. The group follows the updated guidelines for freezing or blocking funds, set by the Financial Supervisory Authority of Norway and the Ministry of Foreign Affairs.
- Establishing customer relationships with empty banking entities; see Section 20 of the Money Laundering Act, or companies which are known to permit their accounts to be used by empty banking entities.
- Establishing customer relationships or carrying out transactions with companies that do not have significant assets and/or activities ("empty companies") Any deviation from this point may occur as an exception for a Norwegian company, but only as an extended customer relationship based on established routines.
- Establishing customer relationships with customers from sanctioned countries.
- Establishing customer relationships with individuals or legal entities where the risk for tax evasion is considered significant.
- Establishing relationships with customers that operate in the following industries:
  - Development, testing, production, storage or transportation of controversial weapons or components exclusively considered controversial weapons, including cluster bombs, anti-personnel mines, nuclear weapons, chemical weapons and biological weapons
  - Companies that produce tobacco products or components expressly intended for such products
  - Companies that produce pornographic material

- Illegal gambling
- Money service businesses (MSB) that do not have permission to run a business in Norway

SpareBank 1 SR-Bank has decided not to act as a correspondent for other banks and payment providers, but only be the respondent.

5.6 Reporting

The group's employees shall report all suspicious transactions to the AML Section. Suspicious transactions where the suspicion is not disproved after the investigation will be reported to ØKOKRIM/FIU (www.okokrim.no).

5.7 Archiving

All investigated and reported relationships and transactions are archived according to the applicable law.

5.8 Confidentiality

Personal data is processed as confidential and according to current laws and regulations.

5.9 Training

SpareBank 1 SR-Bank requires all employees in the group, including board members at the parent and subsidiaries, to complete AML training. This is a risk-based approach and tailored to the role and responsibility of the individual employee/elected representative.

6. DEFINITIONS

Know Your Customer (KYC) are measures taken to identify and verify a customer's identity, ownership, as well as understand the purpose and intention of the customer relationship.

Money laundering is intentionally trying to secure proceeds from a criminal act. To achieve this, funds are placed, obscured and integrated into the legal economy. The purpose of money laundering is thus to get proceeds to appear as if they were acquired in a legal manner, i.e. to hide their illicit origin.

Terror financing (CTF) is complicity to an act of terrorism or complicity to the maintenance of a terrorist organization.

Real Rights Holder (RRH) is a natural person who ultimately owns or controls a customer, or a transaction carried out on his or her behalf. A Real Rights Holder enjoys the benefits of ownership of a security or any other value without owning it yourself.

Politically Exposed Person (PEP) is a physical person who holds a senior public position or leading role in an international organization in Norway or abroad or is a close family member/employee of such person. Politically exposed persons are more prone to bribery and corruption because of their position and influence.

Customer is any natural or legal person (organization) that seeks or already has entered a business relationship with the group, and possibly carries out a single transaction with the group. This also applies to trading done on behalf of a customer.

An employee is a person who works at any level in the group, regardless of position. Including, but not limited to, representatives of the board, executive management, managers and other employees whether the employment relationship is permanent or temporary.

Money Service Business (MSB) is a legal term used to describe businesses that perform payment services, including money transfers or money exchange.