Handelsbanken

Handelsbanken plc

Board Risk and Compliance Committee

Terms of Reference

Version 7

Approved by Board: 17 September 2025

Handelsbanken

Board Risk and Compliance Committee – Terms of Reference

1 Purpose

1.1 The Board Risk and Compliance Committee ('the Committee') shall, having regard to the matters set out in the steering guidelines issued by the Group Chief Executive on behalf of the shareholder, maintain oversight of all key risk categories relevant to the business of Handelsbanken plc. In doing so it shall assist the Board of Directors of Handelsbanken plc ('the Board') in fulfilling its own risk oversight responsibilities, including the oversight of its subsidiary Handelsbanken Wealth and Asset Management Ltd.

2 Membership

2.1 The Committee shall comprise at least three members who shall be appointed by the Board on the recommendation of the Board Nomination Committee, in consultation with the chair of the Board Risk and Compliance Committee. The chair of the Board Audit Committee shall be a member of the Board Risk and Compliance Committee.

2.2 The majority of the members of the Committee shall be independent non-executive directors.

2.3 Only members of the Committee have the right to attend Committee meetings. However, the chief executive officer, chief financial officer, chief risk officer, chief credit officer, chief compliance officer and the chief audit officer will be expected to attend Committee meetings, unless otherwise determined by the chair. The chair of the Board and other Board members shall be invited to attend. Other representatives across the business may also be invited to attend all or part of any meeting as and when deemed appropriate.

2.4 The Board shall appoint the chair, who shall have relevant risk experience in the financial services industry. In the absence of the chair and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

3 Secretary

3.1 The company secretary, or a nominee of the company secretary, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

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4 Quorum

4.1 The quorum necessary for the transaction of business shall be three members, the majority of whom should be independent.

4.2 Decisions of the Committee require majority approval unless otherwise specified.

4.3 If members are unavailable for a particular meeting, any two members may co-opt an independent non-executive director if necessary to constitute a quorum.

5 Frequency of meetings

5.1 The Committee shall meet as circumstances require, but at least four times a year.

6 Notice of meetings

6.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of the chair or at the request of the chief risk officer, chief credit officer or chief compliance officer if they consider a meeting necessary.

6.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Committee members and to other attendees as appropriate, at the same time.

7 Minutes of meetings

7.1 The secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless, in the opinion of the chair it would be inappropriate to do so.

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8 Duties

8.1 The Committee shall maintain oversight of all key risk categories relevant to the business of Handelsbanken plc from time to time, including, but not limited to capital risk, liquidity risk, credit risk (including Internal Ratings Based (IRB), market risk, operational risk, financial crime risk, strategic risk, cyber risk, personnel risk and conduct risk, together with risks arising from any proposed strategic transaction where requested by the Board.

8.2 The Committee will receive regular reports from the chief risk officer, chief credit officer and chief compliance officer on each of the key risk areas set out in the risk management framework, as agreed by the Board from time to time, and in relation to identified or emerging risks relevant to the Handelsbanken plc, including material matters arising from Handelsbanken plc's Executive Committee or Management Risk and Compliance Committee.

8.3 The Committee will review, assess and advise the Board on the company's overall risk appetite, tolerance and strategy and the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.

8.4 Before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, or changes to strategy and strategic transactions, including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the company, and taking independent external advice where appropriate and available.

Handelsbanken Wealth Asset Management Ltd shall report to the Committee at least annually, or as and when required, should any material issues arise. In addition, the Committee shall carry out the following duties to assist the Board in fulfilling its responsibilities:

Risk management framework and risk tolerance

8.5 In line with Handelsbanken plc's policy governance review, and approve, as appropriate, any updates to policies within its remit.

8.6 Review the effectiveness of, provide advice, and make recommendations, to the Board on Handelsbanken plc's overall risk appetite, risk management framework (and sub-risk frameworks when created, following which they are approved by the management risk and compliance committee), risk tolerance statement and associated policies, including in relation to capital and liquidity management and its overall risk tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for Handelsbanken plc's risk policies.

8.7 Ensure that Handelsbanken plc's risk management framework and associated policies are aligned with those of its shareholder, to the extent that such alignment does not conflict with any applicable legal or regulatory provision, or is otherwise considered by the Committee to be detrimental to the sound and prudent risk management of Handelsbanken plc. Any such material deviations will be notified to the shareholder. The Committee may supplement any such group policies with additional requirements where considered necessary or desirable to meet legal or regulatory requirements or otherwise to adopt best practice guidelines within the UK financial services industry.

8.8 Oversee and advise the Board on the current risk exposures including risk to the company's business model, solvency, liquidity risks and prudential risks of Handelsbanken plc.

Ongoing risk tolerance monitoring

8.9 In relation to risk assessment and in conjunction with the Audit Committee:

8.9.1 keep under review Handelsbanken plc's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used

8.9.2 review regularly and approve the parameters used in these measures and the methodology adopted

8.9.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance

8.10 Review Handelsbanken plc's capability to identify and manage existing and new risk types, in conjunction with the Audit Committee.

8.11 Review reports on any material breaches of risk limits and the adequacy of proposed action.

Capital and liquidity risk

8.12 Review and have oversight of Handelsbanken plc's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) including the design and execution of stress and scenario testing and recommend to the Board for approval.

8.13 Review and have oversight of Handelsbanken plc's recovery and resolution plan (RRP) and recommend the same to the Board for approval.

8.14 On a quarterly basis, review and have oversight of the IRB implementation and the ongoing running of the IRB models.

8.15 The BRCC has delegated authority from the Board to a) review and approve the IRB models; and b) review and approve all IRB related regulatory submissions to the PRA.

8.16 Review any plans for, and the terms of, any capital raising from time to time, and recommend the same to the Board for approval.

Operational risks (including financial crime and conduct)

8.17 At least annually review and have oversight of the Senior Managers Regime responsibilities map and recommend to the Board for approval.

8.18 Annually review Handelsbanken plc's procedures for the detection of fraud, the prevention of bribery, and the prevention of the facilitation of tax evasion.

8.19 Review Handelsbanken plc's anti-money laundering procedures, reports from the money laundering reporting officer and the adequacy and effectiveness of Handelsbanken plc's anti-money laundering systems and controls.

8.20 Oversee compliance with legislation and regulation and to monitor the implementation of new legislation and regulation.

8.21 Review Handelsbanken plc's process for the identification and management of conduct and other operational risks, and the effectiveness of the related systems and controls and report to the Board on such matters.

8.22 Consider and review the remit, adequacy and effectiveness of the risk management, credit risk management and compliance functions and ensure they have adequate resources and appropriate access to information to enable them to perform their respective functions effectively. The Committee shall also ensure those functions have adequate independence.

8.23 Review Handelsbanken plc's process for the identification and management of operational resilience, and the effectiveness of the related systems and controls including business continuity and disaster recovery and report to the Board on such matters.

Climate Change

8.24 The Committee shall receive reports on Handelsbanken Plc from the chief risk officer on Handelsbanken plc's progress to tackle the transition risk from climate change.

8.25 With the authority delegated from Board, oversee, review, recommend and where authorised approve, matters relating to climate change.

Credit risk

8.26 Review reports received from the chief credit officer in connection with credit underwriting, actual and probable loan losses, low and high potential risks and provisions.

8.27 Review reports received from the chief risk officer on the overall composition of the credit portfolio, large exposures, performance of IRB models, changes in risk classes, and any material concentrations and make appropriate recommendations to the Board for approval, where any action is considered necessary.

Chief risk officer and chief compliance officer

8.28 The Committee should be consulted on the appointment and/or removal of the chief risk officer, and chief compliance officer ahead of a recommendation to Board.

8.29 Review promptly all reports from the chief risk officer, chief credit officer and chief compliance officer.

8.30 Review and monitor management's responsiveness to the findings and recommendations of the chief risk officer and chief compliance officer.

8.31 Ensure the chief risk officer and chief compliance officer shall be given the right of unfettered direct access to the chair of the Board, and to the Committee.

8.32 Work and liaise as necessary with all other Board committees.

9. Reporting responsibilities

9.1 The chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall produce a report of its activities and Handelsbanken plc's risk management and strategy to be provided to the shareholder, if required, for inclusion in the Group annual report.

10. Other matters

The Committee shall:

10.1 Have access to sufficient resources in order to carry out its duties, including access to Handelsbanken plc's secretariat for assistance as required.

10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

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10.3 Give due consideration to laws and regulations, and any other applicable rules, relevant to the matters within its terms of reference, as appropriate.

10.4 Oversee any investigation of activities which are within its terms of reference.

10.5 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised to:

11.1 Seek any information it requires from any employee/director of Handelsbanken plc in order to perform its duties.

11.2 Obtain, at Handelsbanken plc's expense, external legal or other professional advice on any matter within its terms of reference.

11.3 To request the attendance of any employee at a meeting of the Committee as and when required.

Version	Amendments	Approved by Board
1	Initial adoption	20 November 2018
2	Annual review	15 April 2020
3	Annual review	17 June 2021
4	To include oversight of the IRB implementation and running of the models	10 December 2021
5	Annual review. No amendments.	15 December 2022
6	Annual Review. Remuneration duties removed; nomination duties amended.	23 September 2024
7	Annual review. Clarification of approval of subset risk frameworks. Minor alignment to FRC guidance 'language'. Adopted gender neutral language and removed duplication.	17 September 2025