

## **The Audit Committee's Terms of Reference – SpareBank 1 SR-Bank**

*Approved by the bank's board of directors, 10 February 2021*

### **1. ISSUER OF THE INSTRUCTIONS**

Commercial banks' audit committees are regulated by sections 8-18 to 8-20 of the Financial Institutions Act. The board of directors of SpareBank 1 SR-Bank shall issue instructions for the audit committee.

### **2. MEMBERS OF THE AUDIT COMMITTEE**

The board shall elect at least three of its members to form the audit 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 at least one of the committee's members shall have relevant accounting and auditing qualifications. 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.

### **3. PURPOSE**

The audit 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 audit committee shall ensure that the group has an independent and effective external auditor and satisfactory financial reporting in accordance with the law and regulations.

### **4. AUTHORITY AND RESPONSIBILITIES**

The audit committee has the authority to investigate all activities and matters relating to the group's operations 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 audit committee.

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

The audit committee is accountable to the board of SpareBank 1 SR-Bank in relation to the fulfilment of its duties. The responsibilities of the board and its individual board members remain unchanged regardless of the work of the committee.

### **5. DUTIES**

#### **The audit committee shall:**

1. Supervise the process of compiling and presenting the accounts. Inform the board of the results of the statutory audit and explain how the audit contributed to the financial reporting with integrity and the audit committee's role in the process.
2. Prepare the board's follow-up of the financial reporting process and present recommendations or proposals aimed at ensuring its integrity, including reviewing and assessing the group's quarterly and yearly financial reporting with a particular focus on:

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- changes to accounting policies and practices;
- important discretionary valuations and estimates;
- significant adjustments as a result of the auditor's requirements and recommendations; and
- compliance with laws, regulations and accounting standards.

3.

In relation to the company's financial reporting, monitor internal control systems, risk management and the internal audit without impinging on the audit committee's independent role.

4.

Be responsible for preparing the company's election of its auditor and give its recommendations in line with the article 16 of the EU Audit Regulation, cf. section 12-1 of the Auditors Act.

5.

Recommend the external auditor's fees to the board.

6.

Assess and monitor the auditor's independence pursuant to chapter 8 of the Auditor's Act and article 6 of the EU Audit Regulation, cf. section 12-1 of the Auditor's Act, including in particular ensuring that services other than auditing have been delivered in line with article 5 of the Audit Regulation.

7.

Maintain ongoing contact with the company's elected auditor regarding the audit of the annual financial statements and consolidated financial statements, including in particular monitoring the conduct of the audit in light of the factors the Financial Supervisory Authority of Norway has highlighted in relation to article 26 of the EU Audit Regulation, cf. section 12-1 of the Auditor's Act.

Furthermore, discuss points on which the auditor disagrees with the administration and/or where the auditor has highlighted significant uncertainty and/or other issues the auditor or committee wishes to discuss.

8.

Review the quarterly reporting of the purchase of services from the auditor.

9.

Assess other aspects as determined by the board and/or audit committee or which the auditor wants addressed.

### **6. REPORTING**

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

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

### **7. MEETING FREQUENCY**

The audit 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 audit committee, the CFO and/or the Finance Director and the committee's secretary shall also attend its meetings. The head of administration shall be the committee's secretary. The external auditor shall attend as required. Other board members and the CEO may also attend the meetings.

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The audit committee shall meet the external auditor without members of the executive management being present at least once a year.