

The background features a large, light blue circle in the upper right corner containing a wavy, water-like pattern. Below it, several other circles of varying sizes and shades of blue are scattered across the page. The text 'AUDIT COMMITTEE CHARTER' is centered in a dark blue, sans-serif font.

AUDIT COMMITTEE CHARTER

2019

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## Introduction

- This Charter states the role and responsibilities of the Audit Committee, its composition and how it carries out its duties.
- To the extent required, this Charter also implements the Dutch Corporate Governance Code of December 2016, the Dutch Banking Code of October 2014, EBA Guidelines on internal governance (EBA/GL/2017/11) and the Guidelines Corporate governance principles for banks van het Basel Committee on Banking Supervision (BCBS), among other codes.
- The Audit Committee has been formed in accordance with Article 6.1 of the Supervisory Board Charter.
- The task of the Audit Committee is to prepare the input for the decision-making of the Supervisory Board, facilitating the development and implementation of a sound internal governance framework.
- This Charter has been discussed and adopted by the Supervisory Board.
- This Charter has been posted on NWB Bank's website.

## Article 1. Duties and working methods

- 1.1 For the purpose of preparing the Supervisory Board's decision-making process, the Audit Committee will in any event focus on the supervision of the activities of the Executive Committee with respect to:
  - a. the design and operation of the internal financial control systems;
  - b. assessment of financial information by NWB Bank (selection of accounting policies, tax policy, application and assessment of the impact of new rules, understanding of the treatment of "accounting estimates" in the financial statements, forecasts, the procedures of internal and external auditors, etc.);
  - c. assessment of compliance with all relevant legislation and regulations concerning financial reporting;
  - d. the role and performance of the internal audit function;
  - e. preparations for the discussion of the annual report and financial statements, the external auditor's audit report and the half-year report;
  - f. the relationship with the external auditor, including in particular its appointment, independence, remuneration, dismissal and any non-audit services for NWB Bank;
  - g. the funding of the bank; and
  - h. the application of information and communication technology.
- 1.2 The Audit Committee shall review, assess and recommend any actions to be taken by the Supervisory Board regarding the findings of the supervisory authorities and the internal and external auditors with respect to the topics as stated in Article 1.1. The Audit Committee shall take into account the findings of the Risk Committee with respect to the foregoing.
- 1.3 The Audit Committee will regularly assess its own performance, also addressing the composition and knowledge of the Committee and its relationships with the external and internal auditors, among other matters. The Audit Committee will notify the Supervisory Board of the outcome of the self-assessment.

## Article 2. Meetings

- 2.1 The Audit Committee will meet at least four times a year, taking into account a minimum period of two weeks till the next Supervisory Board meeting.

- 2.2 The CFO and other members of the Executive Committee, the internal auditor and external auditor will attend the Audit Committee meetings, unless the Audit Committee decides otherwise. When applicable other relevant functions are invited to attend the Audit Committee meetings.
- 2.3 Furthermore, the Audit Committee will hold as many consultative meetings with the external auditor as it deems necessary, but at least once a year, without the Executive Committee being present. In addition, the Audit Committee will hold a consultative meeting with the internal auditor at least once a year, without the Executive Committee being present.
- 2.4 Minutes of the meetings will be drawn up and will include the topics as stated in Articles 1.1 and 1.2. These minutes and any other findings will be topics of discussion at the Supervisory Board meetings.
- 2.5 The Charter, agenda and minutes will be drawn up in English. The meetings will be held in Dutch.

### Article 3. Composition

- 3.1 The Audit Committee will have at least three members and may not be composed of the same group of members as the other committees, meaning that at least one member should deviate from the composition of the other committees.
- 3.2 The members must have a financial background. At least one financial expert will have a seat on the Audit Committee, which means that member has gained relevant knowledge and experience in another bank.
- 3.3 Furthermore, the Audit Committee will be subject to specific requirements in the area of competency and experience. The Committee must have thorough knowledge of the financial aspects of the bank. In addition, its members must have a thorough knowledge of financial reporting, internal control and audit or the necessary experience required to permit thorough supervision of these subjects.
- 3.4 Audit Committee members must be willing and be able to make sufficient time available to carry out their duties and must demonstrate commitment and involvement. At the same time, they must be able to adopt a critical and independent attitude and should engage in open and critical discussions, during which dissenting views are discussed in a constructive manner.
- 3.5 The Audit Committee shall have sufficient independent members within the meaning of the EBA guidelines on the assessment of the suitability of members of the management body and key function holders.
- 3.6 The Audit Committee may not be chaired by the Chair of the Supervisory Board or by a (former) member of the Executive Committee of the bank. Furthermore, the Chair should be another member of the Supervisory Board than the Chair of the Risk Committee.

### Article 4. External auditor

- 4.1 As part of the overall audit engagement with respect to the financial statements, the external auditor will report to the Executive Committee and the Supervisory Board on his or her findings regarding the quality and effectiveness of the performance of the bank's governance, risk management and control processes.
- 4.2 The Audit Committee will discuss with the external auditor its audit report and findings, after the external auditor has discussed the draft audit report with the Executive Committee.
- 4.3 The Audit Committee shall discuss with the external auditor on an annual basis:
  - i. the scope and materiality of the audit report and the main risks of the financial reporting as stated in the audit report, and
  - ii. the findings and results of the financial statements audit.and shall inform the Supervisory Board on such discussions.

- 4.4 The Audit Committee assesses if, and in which way, the external auditor is involved in the publication of financial news other than in relation to the financial statements.
- 4.5 The Audit Committee will be the first point of contact for the external auditor should the latter identify any irregularities in the financial reports.
- 4.6 The external auditor may submit a request to the Chair of the Audit Committee for a meeting of the Audit Committee to be held.
- 4.7 The Executive Committee and the Audit Committee will annually report to the Supervisory Board on developments in the relationship with the external auditor.
- 4.8 The Executive Committee and the Audit Committee will thoroughly assess the external audit firm's performance every year. The key conclusions arising from this assessment will be submitted to the General Meeting of Shareholders at least once every four years.
- 4.9 The Audit Committee is responsible for the procedure for the selection of the external auditor (audit firm) and recommendation to the Supervisory Board in accordance with Article 16 of Regulation (EU) No 537/2014, compensation and dismissal. The General Meeting of Shareholders will appoint the external auditor upon recommendation of the Supervisory Board. To the extent that the General Meeting of Shareholders does not appoint the external auditor, the Supervisory Board will appoint the external auditor.
- 4.10 The external auditor may be questioned by the General Meeting of Shareholders in relation to his report on the fairness of the financial statements. The external auditor shall for this purpose attend and be entitled to address the General Meeting of Shareholders.

## Article 5. Internal auditor

- 5.1 The internal auditor's task, position, field of operations, responsibilities and powers, as well as provisions on independence, objectivity and expertise, have been laid down in an Internal Audit Charter.
- 5.2 The Executive Committee will appoint the Head of the Internal Audit Department ("IAD"), with the Audit Committee rendering advice and the Supervisory Board giving approval on the intended appointment and dismissal. The Audit Committee will approve the profile for the Head of the IAD.
- 5.3 The Audit Committee will regularly measure the effectiveness of the IAD on the basis of specific and bespoke criteria.
- 5.4 The Chair of the Executive Committee will assess the Head of the IAD. The Audit Committee will be consulted prior to performing the assessment.
- 5.5 The Head of the IAD will have access to and regularly exchange information with the external auditor and the Chair and/or members of the Audit Committee.
- 5.6 The Head of the IAD and the Chair of the Audit Committee will consult each other at least once a year.
- 5.7 The Head of the IAD will autonomously send the Audit Committee a quarterly report on the reports provided to the Executive Committee regarding the results of the audits performed by the IAD, with any subjects of discussion between the Executive Committee and the IAD being set forth in such quarterly report. The Head of the IAD also has a direct reporting line to the Chair of the Audit Committee.
- 5.8 The Head of the IAD will draw up an annual audit plan describing the work to be carried out during the financial year, submitting it to the Executive Committee for its discussion and consulting the external auditor. Following the Executive Committee's consent, the audit plan will be discussed in the Audit Committee's meeting.
- 5.9 The Head of the IAD, the external auditor and the Audit Committee will regularly exchange information.