

**CHARTER GOVERNING THE AUDIT AND COMPLIANCE COMMITTEE**

**NIBC Holding N.V.**

**("Charter ACC" or "Charter")**

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## ANNEX C

### CHARTER GOVERNING THE AUDIT AND COMPLIANCE COMMITTEE OF THE SUPERVISORY BOARD

The charter governing the Audit and Compliance Committee of the Supervisory Board (the “Charter ACC”) of NIBC Holding N.V. and NIBC Bank N.V. (“NIBC” or the “Company”) was adopted on 8 March 2011 on the basis of Article 5.2 of the charter governing the Supervisory Board of NIBC Holding N.V. and NIBC Bank N.V. (the “Charter SB”) and article 31.7 of the Company’s articles of association.

The Charter ACC is divided into four chapters. The first chapter deals with general provisions covering the areas of audit, compliance, corporate governance and corporate social responsibility (“CSR”). The second chapter deals with audit responsibilities, the third chapter with compliance responsibilities and the fourth chapter deals with corporate governance and CSR responsibilities.

#### Part A General Provisions

##### Article 1

##### Responsibilities of the Audit and Compliance Committee (“ACC”)

- 1.1 Without prejudice to Article 5.1 of the Charter SB, the ACC advises the Supervisory Board on its responsibilities and prepares issues for decision in the Supervisory Board by presenting proposals and recommendations, at the initiative of the Managing Board and/or Supervisory Board or otherwise, in the following areas:
  - a. financial reporting processes, financial risk management and control systems and auditing processes, the process by which NIBC monitors compliance with legislation and regulations, the role and functioning of the internal audit department, the policy of the Company on tax planning, the funding of the Company, the applications of information and communication technology and the relations with the external auditor;
  - b. the NIBC Code of Conduct, compliance, including the Regulation on Whistleblowers and internal governance and the role and functioning of the compliance department; and
  - c. corporate governance and CSR and the role and functioning of the Corporate Secretariat department.
- 1.2 The Charter ACC and the composition of the ACC are published on the Company’s website [www.nibc.com](http://www.nibc.com).

## **Article 2**

### **Information supply by the ACC**

Each year, the ACC shall review the Company's audit processes, compliance, corporate governance, internal governance and CSR policy and shall advise the Supervisory Board on its discussions and findings by issuing a report or reports. These reports may be used by the Supervisory Board to prepare the Report of the Supervisory Board in the Company's annual report.

## **Article 3**

### **Information supply to the ACC**

In order to perform its tasks adequately, the ACC's information needs must be met in an adequate manner. To this end, the ACC will receive the following written information:

#### 3.1 With respect to its audit responsibilities

- internal monthly and/or quarterly reports;
- half-year figures;
- (draft) annual accounts;
- (draft) press releases on the half-year figures and the annual accounts;
- papers on proposed changes in the organisation structure;
- papers on proposed changes in accounting principles;
- papers on legal and regulatory developments;
- papers on developments in internal regulations;
- Internal Audit long-term and annual audit plans;
- Internal Audit progress reports;
- Internal Audit reports on follow-up of points for improvement in the management letter;
- engagement letter and fee letter from the external auditor;
- external auditor's audit plan;
- report on the external auditor's findings;
- management letter from the external auditor;
- information on instructions to the external auditor regarding engagements (audit and non-audit) that are not related to the audit of the annual accounts.

#### 3.2 With respect to its compliance responsibilities

- the Articles of Association of NIBC Holding N.V. and NIBC Bank N.V.;
- the Charter SB and the rules governing the Committees of the Supervisory Board based on the Charter SB (the Profile of the scope and composition of the Supervisory Board, the Resignation Schedule for members of the Supervisory Board, the Charter RNC, the Charter RPC and the Charter ACC);
- the Charter MB (including its annex);
- the regulations applicable to the Managing Directors;
- the Charters of the Functional Committees;
- NIBC's Code of Conduct;
- the Corporate Governance Policy;
- other compliance manuals and regulations.

#### 3.3 With respect to its corporate governance and CSR responsibilities

- the Articles of Association of NIBC Holding N.V. and NIBC Bank N.V.;

- the Charter SB and the rules governing the Committees of the Supervisory Board based on the Charter SB (the Profile of the scope and composition of the Supervisory Board, the Resignation Schedule for members of the Supervisory Board, the Charter RNC, the Charter RPC and the Charter ACC);
- the Charter MB (including its annex);
- the regulations applicable to the Managing Directors;
- the Charters of the Functional Committees;
- the Corporate Governance Policy;
- an annual evaluation of the Managing Board's implementation of the CSR policy.

3.4 In addition to this regular information flow, the ACC may request additional information that is important for the performance of its tasks. The Managing Board shall supply such information at the ACC's earliest request.

#### **Article 4**

##### **Composition, expertise and independence of the ACC**

4.1 The ACC shall consist of at least three members, to be appointed by the Supervisory Board from among its members.

4.2 Without prejudice to **Article 3.3** of the Charter SB, the composition of the ACC shall meet the following requirements:

- a) a number of its members has sound knowledge of financial reporting and internal control systems and audits or the experience needed to thoroughly supervise these areas;
- b) a number of its members has sound knowledge of the fields of compliance, corporate governance, internal governance and CSR or the experience to thoroughly supervise these areas;
- c) the chairman and the majority of its members must be independent within the meaning of **article 3.4** of the Charter SB and are not members nominated by the general meeting of shareholders;
- d) neither the Supervisory Board Chairman nor one of the (former) Managing Board members may (simultaneously) chair the ACC.

4.3 Members are appointed for a term of four years. ACC members may be dismissed by the Supervisory Board at any time. Membership is terminated if the member no longer serves on the Supervisory Board.

#### **Article 5**

##### **Chairman and Secretary**

5.1 The Supervisory Board shall appoint one of the committee members as the ACC Chairman with due observance of article 4.2 (c) and (d). The Chairman is responsible for the correct functioning of the ACC. He/she shall act as the ACC's spokesperson and as the main contact for the Supervisory Board.

5.2 The Head of Internal Audit is the ACC Secretary.

## **Article 6**

### **ACC meetings (committee agenda, participants and minutes)**

- 6.1 The ACC will meet at least four times a year, and also as often as one or more of its members consider necessary. As a rule, the meetings are held at the Company's offices, but they may also be held elsewhere.
- 6.2
- a) Unless the ACC states that it wishes to meet in the absence of other parties, the Company's Managing Board members, the Head of Internal Audit, the Head of Compliance, the General Counsel and the external auditor will be invited to attend the ACC's meetings as a standard procedure. Other NIBC employees and third parties may also be invited on an ad hoc basis. The persons mentioned above are invited to attend the whole meeting, unless indicated otherwise.
  - b) If the Company's external auditor is not invited, he may request the ACC Chairman to allow him to attend an ACC meeting.
  - c) The ACC shall meet with the Company's external auditor at least once a year, in the absence of the Managing Board members, (representatives of) Internal Audit, Compliance and General Counsel.
- 6.3
- a) Meetings shall be convened via the Chairman, by the person requesting the meeting. Extraordinary meetings can be convened as soon as there is a need to do so. The Head of Internal Audit and/or the Head of Compliance and/or the external auditor may propose an extraordinary meeting if they consider this necessary.
  - b) Wherever feasible, ACC members should receive the notice convening the meeting and the agenda on the topics to be discussed at least five days prior to the meeting.
- 6.4 The quorum for each meeting is two members.
- 6.5 The Head of Internal Audit, the Head of Compliance, the General Counsel and the external auditor should be given an opportunity to explain their reports and give presentations to the ACC.
- 6.6 The Head of Internal Audit is responsible for audit issues in the minutes of the ACC meetings, taking note of the audit activities and recommendations to the Managing Board and Supervisory Board. The Head of Compliance is responsible for compliance and internal governance issues in the minutes of the ACC meetings, taking note of the compliance and internal governance activities and recommendations to the Managing Board and Supervisory Board. The General Counsel is responsible for corporate governance and CSR issues in the minutes of the ACC meetings, taking note of the corporate governance and CSR activities and recommendations to the Managing Board and Supervisory Board.
- 6.7 The ACC Secretary shall take minutes of the ACC meetings. As a rule, the minutes shall be adopted at the next meeting. However, if all ACC members approve the contents of the minutes, they may also be adopted at an earlier date. The minutes shall be signed for adoption by the Chairman. After adoption, the minutes shall be sent to all Supervisory Board members.

6.8 Every Supervisory Board member shall have unlimited access to all ACC data. Supervisory Board members shall exercise these rights in consultation with the Chairman of the ACC and the Secretary to the ACC.

#### **Article 7**

##### **Application of the Charter SB**

Articles 1.2, 1.5, 1.7, 1.8, 5.2, 5.5, 5.6, 11.1, 11.2, 12, 15, 17, 18 and 19 of the Charter SB shall apply likewise to the Charter ACC.

#### **Article 8**

##### **Evaluation of the functioning of the ACC and its members**

8.1 Each year, the ACC shall evaluate the Charter ACC and shall submit any amendments to the Supervisory Board for approval.

8.2 Each year, the ACC shall evaluate its own functioning and report on this to the Supervisory Board.

### **Part B Audit Responsibilities**

#### **Article 9**

##### **ACC's audit responsibilities**

The ACC's audit responsibilities include

I Assessing NIBC's financial reporting procedures and supervising its financial disclosures.

To this end, the ACC will:

- a) supervise the Company's financial disclosures (choice of accounting policies, application and assessment of the effects of new rules, insight into the treatment of 'estimates' in the annual accounts, forecasts, the relevant work of internal and external auditors, etc.);
- b) consider important issues in the field of reporting, including recent rulings of professional and regulatory organisations, as well as the impact of these issues on the annual accounts. Changes in accounting principles will be explicitly submitted to the ACC;
- c) assess the findings of any investigations by regulatory and/or supervisory authorities;
- d) devote special attention to complex and/or unusual transactions that are reflected in the Company's reports;
- e) discuss the annual accounts and the outcomes of audits of the annual accounts with the management and the external auditor;
- f) assess the other sections of the Annual Report prior to publication, and determine whether the information is transparent and consistent with the committee members' knowledge of the company and its activities;
- g) prepare Supervisory Board decisions regarding the Company's annual accounts, annual budget and major capital investments;
- h) assess the quarterly and half-year figures and the annual accounts and determine whether they are complete and consistent with the information known to the committee members, assess

whether the half-year figures and annual accounts are based on the right accounting principles;  
and

- i) assess press releases on half-year figures and the annual accounts prior to publication and determine whether the information is transparent and consistent with the committee members' knowledge of the Company and its activities.

II Ensuring supervision and (prior) control and systematic audit of the management of the risks and control systems related to the bank's business activities, and advising the management on the operation of these systems.

To this end, the ACC will:

- a) assess (changes in) the design and effectiveness of the system for compliance with legislation and regulations;
- b) assess whether the management communicates the right 'management culture' by highlighting the importance of internal control and risk management, and whether it ensures that all employees understand their roles and responsibilities;
- c) ask the management and internal and external auditors about significant risks and exposures and about plans for adequate control of such risks;
- d) supervise compliance with Internal Audit points for improvement and recommendations, and the follow-up to comments from external auditors;
- e) ensure that the Supervisory Board is aware of matters that could affect the Company's financial position or activities;
- f) supervise the Company's policy on tax planning;
- g) supervise the funding of the Company;
- h) supervise the application of information and communication technology (ICT), consider the reliability and continuity of the automated systems; and
- i) assess how the management accounts for the security of computer systems and applications, and the emergency plans with regard to the processing of financial data in the event of serious system malfunctions.

III Assessing the activities and adequacy of the size and organisational structure of Internal Audit.

To this end, the ACC will:

- a) supervise the functioning of Internal Audit, in particular its task of assessing whether internal control measures have been designed properly, are present and are working effectively, including the quality and effectiveness of the system of governance, risk management and the bank's control procedures, the co-determination of the Audit Plan of Internal Audit and noting of its considerations and findings;
- b) ensure that no unfair restrictions are imposed on Internal Audit's independent position or on the required capacity and budget;
- c) assess the qualifications of the Internal Audit employees, and be consulted about the appointment, replacement, transfer or dismissal of the Head of Internal Audit;
- d) assess the effectiveness of Internal Audit, partly on the basis of the regular progress reports from Internal Audit and the relevant reports of the external auditor;
- e) ensure that important findings, conclusions and points for improvement are received from Internal Audit and discussed in time;
- f) ensure that Internal Audit, external auditor and ACC consult periodically, including the risk analyses and the audit plan of both Internal Audit and the external auditor.

- g) ensure that Internal Audit initiates a discussion about the audit plan, risk analysis and findings of both the internal and external auditor with 'De Nederlandsche Bank' at an early stage.

Furthermore,

- h) the ACC can be contacted directly by the Head of Internal Audit in situations that, in the latter's view, make this necessary, and
- i) periodically, the ACC Chairman will conduct bilateral talks with the Head of Internal Audit.

#### IV Assessing the external auditor's performance.

To this end, the ACC will:

- a) Maintain regular contact with and supervise relations with the external auditor, in particular including:
  - (i) the assessment of the external auditor's independence, remuneration and any non-audit work performed for the Company;
  - (ii) the determination of the external auditor's involvement in the content and publication of the Company's financial reports, other than the annual accounts; and
  - (iii) acting as the first point of contact for the external auditor, if the latter detects irregularities in the contents of financial reports and these are not corrected after they have been drawn to the attention of the Managing Board Chairman and the Chief Financial Officer.
- b) evaluate the audit process and assess the external auditor's performance and fees on an annual basis;
- c) advise the Supervisory Board on the (re)appointment of the external auditor;
- d) assess the scope and audit method proposed by the external auditor and ensure that no unreasonable restrictions or limitations are imposed in relation to that scope. The ACC shall approve the engagement letter;
- e) assess audit and non-audit instructions issued to the external auditor (after the event) that do not relate to the audit of the annual accounts; and
- f) as part of the general audit assignment for the financial statements, discuss a report on the external auditor's findings and a copy of the management letter each year, which shall contain the external auditor's findings concerning the quality and effectiveness of the system of governance, risk management and the bank's control procedures.

#### **Article 10**

At least once a year, the ACC will report to the Supervisory Board, together with the Managing Board, on developments relating to the external auditor, in particular including the latter's independence and the desirability of the rotation of the responsible partners within a firm of external auditors instructed to perform the audit and non-audit work for the Company. The selection and nomination of the external auditor will depend largely on the outcomes of this report.

#### **Article 11**

At least once every four years, the ACC and the Managing Board shall make a thorough joint assessment of the performance of the external auditor in the various entities and capacities in which the latter operates. The General Meeting of Shareholders will be notified of the main conclusions of the assessment, for the purpose of the nominations for an external auditor.

#### **Article 12**

The external auditor shall receive the financial information underlying the adoption of the quarterly and/or half-year figures and other interim reports, and shall be given an opportunity to respond to all information.

#### **Article 13**

The ACC shall ensure that the Managing Board processes important findings and recommendations of the external auditor in good time.

### **Part C Compliance Responsibilities**

#### **Article 14**

**The ACC's compliance responsibilities include:**

##### **Assessing NIBC's compliance and internal governance.**

To this end, the ACC will:

- a) supervise the Company's adherence to rules and regulations applicable to it (application and assessment of the effects of new rules);
- b) consider important issues in the field of compliance (including recent rulings of regulatory and/or supervisory authorities, in particular but without limitation AFM and DNB);
- c) assess the findings of any investigations by regulatory and/or supervisory authorities;
- d) devote special attention to complex and/or unusual transactions that are reported to Compliance;
- e) assess the Annual Report prior to publication and determine whether the information is transparent and consistent with the committee members' knowledge of the Company and its activities;
- f) assess press releases on the half-year figures and the annual accounts prior to publication and determine whether the information is transparent and consistent with the committee members' knowledge of the Company and its activities;
- g) assess (changes in) the design and effectiveness of the system for compliance with legislation and regulations;
- h) assess whether the management communicates the right 'management culture' by highlighting the importance of adherence to internal- and external rules and regulations, and whether it ensures that all employees understand their roles and responsibilities;
- i) ask the management and Head of Compliance about significant risks and plans for adequate control of such risks;
- j) supervise the functioning of Compliance, in particular the co-determination of the compliance monitoring plan and noting of its considerations and findings;
- k) ensure that the Supervisory Board is aware of matters that could affect the Company's reputation or activities;
- l) ensure that no unfair restrictions are imposed on Compliance's independent position or the required capacity and budget;
- m) assess the qualifications of the Compliance employees, and be consulted about the appointment, replacement, transfer or dismissal of the Head of Compliance;

- n) assess the effectiveness of Compliance, partly on the basis of the regular progress reports from Compliance, partly on the basis of the relevant reports of the internal- and external auditor;
- o) ensure that important findings, conclusions and points for improvement are received from Compliance and discussed in time;
- p) advise the Supervisory Board on compliance and internal governance, in particular the relationship between shareholders, the Supervisory Board and the Managing Board. This specifically involves advice on, and regular assessment of, the documents mentioned in clause 3.2 in terms of completeness, transparency, feasibility and accuracy;
- q) prepare the Supervisory Board's decision-making processes in relation to conflicts of interest that may arise through the acceptance of other positions by Supervisory Board members;
- r) prepare the decision-making process concerning the acceptance of secondary positions by Managing Board members;
- s) the ACC can be contacted directly by the Head of Compliance in situations that, in the latter's view, make this necessary, and
- t) the ACC Chairman will conduct bilateral talks with the Head of Compliance once a year.

## **Part D Corporate Governance and CSR Responsibilities**

### **Article 15**

**The ACC's corporate governance and CSR responsibilities include:**

#### **Assessing NIBC's corporate governance and CSR**

To this end, the ACC will:

- a) supervise the Company's adherence to principles and best practices of the Corporate Governance Policy;
- b) advise the Supervisory Board on corporate governance issues, in particular the relationship between shareholders, the Supervisory Board and the Managing Board. This specifically involves advice on, and regular assessment of, the documents mentioned in clause 3.3 in terms of completeness, transparency, feasibility and accuracy.
- c) assess the Annual Report prior to publication and determine whether the information is transparent and consistent with the committee members' knowledge of the Company and its activities;
- d) assess whether the management communicates the right 'management culture' by highlighting the importance of adherence to corporate governance principles and best practices and CSR, and whether it ensures that all employees understand their roles and responsibilities;
- e) assess the qualifications of the Corporate Secretary and its employees, and be consulted about the appointment, replacement, transfer or dismissal of the Corporate Secretary;
- f) ensure that important findings, conclusions and points for improvement are received from the Corporate Secretary and discussed in time;
- g) prepare issues for decision in the Supervisory Board insofar as they involve substantial changes in the Company's corporate governance structure;
- h) assess the policy formulated and implemented by the Managing Board in the field of Corporate Social Responsibility (CSR). The Company will account for this on its website and in its Annual Report.