



**nexent  
bank**

# **Compliance Charter**

**December 2023**

Disclaimer: As of 27 June 2025, the content of this charter has been updated solely to reflect the name change of the Bank.

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## 1. Introduction

Nexent Bank N.V. (hereinafter “Nexent Bank”) applies the three lines model to manage compliance risks. The ownership and operational accountability for compliance risks primarily rests with the business lines (i.e. first line) of Nexent Bank. The second line is formed by the risk management functions – including the compliance function that supports the business lines with the implementation and maintenance of compliance standards and the monitoring of the compliance activities and risks of the first line. The audit function is the third line, which independently assesses the functioning and effectiveness of the business lines and the risk management activities.

Effective compliance risk management aims at stimulating, monitoring and controlling the observation of laws, regulations, internal rules - including the compliance principles as outlined in Nexent Bank’s Code of Conduct - and established good business standards that are relevant to the integrity and, hence, to the reputation of Nexent Bank. Integrity is the focus in managing compliance risk and therefore the driving force behind everything Nexent Bank does. Integrity is not just a theoretical concept. It is Nexent Bank’s insurance policy.

This document represents the Compliance Charter (hereinafter “Charter”) of Nexent Bank. The term “Nexent Bank” in this Charter means Head Office, the branches and overseas liaison offices. The Managing Board of Nexent Bank has adopted the Charter to:

- emphasise the importance of managing compliance risk;
- present the governance, roles and responsibilities of the compliance function at Nexent Bank, as well as how (the controlling of) integrity risk, as viewed by Nexent Bank, is placed within the scope of the compliance function; and
- provide clear mandate to the compliance function at Nexent Bank to oversee compliance of Nexent Bank group with Nexent Bank’s compliance risk management framework (including the compliance arrangements).

The Charter of Nexent Bank also serves as a framework for other entities part of Nexent Bank group (i.e. Nexent Bank, its banking and non-banking subsidiaries). For the purpose of this document a Nexent Bank group entity, unless stated otherwise, means:

- (i) any direct and indirect banking subsidiary of Nexent Bank; and
- (ii) any direct and indirect non-banking subsidiary of Nexent Bank.

The term ‘subsidiary’ refers to the entities in which Nexent Bank, directly or indirectly, holds over 50% of the total value of the share stock and/or over 50% of the voting rights. Any reference in this document to a ‘non-banking subsidiary’ is to be understood as a ‘non-banking subsidiary being a financial institution’, such as an insurance or leasing company.

Each such Nexent Bank group entity must draft a compliance charter which describes the governance, roles and responsibilities of the compliance function, and defines the scope of the compliance function within the respective entity. These charters must meet (i) as much as possible the standards set out in this Charter as well as (ii) the requirements issued by relevant legislative and regulative authorities in the respective jurisdictions.

The Charter is subject to review at least every two years or as needed to ensure it reflects developments in applicable laws and regulations, sound corporate governance, internal company rules and policies, as well as industry standards and market practices relevant to the integrity of Nexent Bank, to which Nexent Bank has committed.

This Charter is approved by the Managing Board and by the Supervisory Board of Nexent Bank.

This Charter is available to all staff of Nexent Bank. It is also available on the corporate website ([www.nexentbank.com](http://www.nexentbank.com)).

## 2. Objectives of the Compliance Function

The compliance function of Nexent Bank – a second line function – supports Nexent Bank and any of its banking and non-banking subsidiaries in managing the compliance risks and embedding and improving the compliance arrangements in all levels and structures of the respective entity. The compliance function of Nexent Bank therefore has the following objectives:

- identify, assess, monitor and report on the compliance risks faced by Nexent Bank and its subsidiaries;
- assist, support and advise management of Nexent Bank and its subsidiaries in fulfilling its responsibilities to manage compliance risks by using a risk-based approach to align business outcomes with the integrity risk appetite of Nexent Bank group;
- advise:
  - any member of senior management and/or any other staff member of Nexent Bank; and
  - upon request, a member of senior management and/or other staff member of a subsidiary of Nexent Bank;with respect to their (personal) responsibility to manage compliance risks;
- train and enhance compliance awareness amongst:
  - senior management as well as other staff of Nexent Bank; and
  - upon request, senior management and/or other staff of a subsidiary of Nexent Bank;in order to deepen the culture of compliance; and
- act as a contact point within Nexent Bank for compliance queries from various internal committees and other internal and external bodies.

### 3. Definition and Scope of Compliance Risk

#### 3.1 Compliance Risk

Compliance risk, also referred to as integrity risk, at Nexent Bank, is defined as follows.

*The risk of the integrity of the institution or the financial system being affected by the improper, unethical conduct of the organization, its management, staff or customers in contravention of legislation and regulation and the standards set by society or by the institution itself.*

Nexent Bank separates compliance or integrity risk into six sub-integrity risk categories (see table below).

Risk	Sub-Risk Category	Definition
<b>Integrity</b>	Conflicts of Interest	The risk of the institution's reputation (and possibly also its financial position) and/or other loss being affected by the harming of interests of third parties caused by the institution or its staff, due to involvement in multiple interests.
	Insider Trading	The risk of the institution's reputation, regulatory status and possibly also its financial position being affected by the possession of inside information and the use of such information by acquiring or disposing of, or by trying to acquire or dispose of, for the institution's own account or for the account of a third party, either directly or indirectly, financial instruments to which such information relates.
	Money Laundering / Terrorism Financing	The risk of the institution's reputation, regulatory status and possibly also its financial position being affected by the (unwitting) involvement in money laundering and/or terrorism financing.
	Tax Evasion / Tax Avoidance	The risk for the institution's reputation, regulatory status and possibly also its financial position being adversely affected by the involvement in tax evasion or avoidance.
	Violation of Sanctions Legislation	The risk of the institution's reputation, regulatory status and possibly also its financial position being adversely affected by the institution's dealings with natural persons and/or legal entities that are subject to applicable sanctions legislation/regulation.
	Improper Conduct	The risk of the institution's reputation, regulatory status and possibly also its financial position being adversely affected by the institution's intentional or unintentional facilitation of or involvement with: <ul style="list-style-type: none"> <li>i. other (criminal) offences such as corruption practices, and;</li> <li>ii. environmental, social and governance (ESG) practices which have high ESG risk by nature.</li> </ul>

#### 3.2 Scope

The scope of compliance risk, and thus the scope of the compliance function, is categorized by Nexent Bank in four integrity classes: staff, customer, organization and services. Each of these four integrity classes has various compliance risks, whereon the compliance function is specifically focusing.

Compliance is broad in scope. As a consequence, the table below provides an overview of the main focus areas that are within the scope of Nexent Bank's compliance function.

Risk Category	Sub Risk Category	Compliance Scope Classes <sup>1</sup>	Compliance Function Focus Areas
<b>Integrity</b>	Conflicts of Interest	- Organisation Integrity	- Related Party Control Framework <sup>2</sup> - Corruption
		- Staff Integrity	- Gifts, favours, entertainment and bribery - Secondary Employment <sup>2</sup> - Private Investment Transactions
	Insider Trading	- Organisation Integrity	- Proprietary Trading <sup>2</sup>
		- Staff Integrity	- Private Investment Transactions
	Money Laundering / Terrorism Financing	- Customer Integrity	- Money Laundering - Terrorist Financing - PEPs - Corruption
	Tax Evasion / Tax Avoidance	- Customer Integrity	- Money Laundering - PEPs
	Violation of Sanction Legislation	- Customer Integrity	- Sanctions (embargoes)
	Improper Conduct	- Staff Integrity	- Staff Screening <sup>2</sup> - Whistleblowing - Data Protection (e.g. information handling) <sup>2</sup> - Incident Management <sup>2</sup>
- Services Integrity		- Product Development (e.g. PARP, marketing materials) <sup>2</sup> - Complaint Handling <sup>2</sup> - Regulatory framework for financial services <sup>2</sup> - Corruption	

The scope of a particular compliance function in a country where Nexent Bank maintains an office, largely depends on the nature and size of the business activities of the respective office, generally focusing on areas such as anti-money laundering, preventing terrorist financing, sanctions compliance, conflicts of interest management, and duty of care towards customers.

In any event, outside the scope of compliance risk, and thus outside the scope of Nexent Bank's compliance function, is compliance with laws, regulations and standards that relate to the support functions within Nexent Bank, as indicated in the non-exhaustive table below. However, in some countries where Nexent Bank maintains an office, the relevant local regulator may require closer oversight of the out of scope risk categories by the

<sup>1</sup> The processes involved in each of the compliance scope classes may include: (1) risk identification, (2) rule making, (3) training, (4) advice, (5) design and maintenance of systems and controls, (6) monitoring, (7) reporting, (8) liaison with relevant local regulators and other (monitoring) authorities and (9) investigate potential breaches.

<sup>2</sup> The compliance function shares responsibility with other functions (business and support).

respective compliance function. If so, the local compliance function will need to work closely with the appropriate risk management functions in order to address the needs of such local regulator.

Risk Category	Support Function
Credit	Credit Risk Management
Financial (including market, interest rate and liquidity)	Risk Management
Corporate Tax	Financial Control / Accounting
Accounting	Financial Control / Accounting
Legal	Legal
Operational including outsourcing	Operations
IT	IT
Employment	Human Resources

## 4. Compliance Structure and Governance

### 4.1 Compliance Structure

The compliance function in Nexent Bank group has the following structure (the graphical representation of the structure is shown in the Annex).

#### 4.1.1 Group Head of Compliance

Group Head of Compliance heads the local compliance function in Nexent Bank Head Office and is a permanent member of Nexent Bank's Management Team.

On behalf of the Managing Board, Group Head of Compliance is responsible for ensuring that the organisation – both at Nexent Bank level and Nexent Bank group level – operates within an effective and efficient compliance risk management framework. In this respect, he or she is responsible for:

- acquiring human resources with sufficient qualifications and skills to ensure the competence of the compliance function to carry out its tasks and responsibilities;
- continually assessing and monitoring the skills necessary to carry out the function's duties to the required level;
- ensuring the appropriate ongoing training of compliance function staff in order to carry out the increasing diversity of tasks as a result of the introduction of new products and processes, changes to regulations or professional standards and other developments in the financial sector;
- promptly informing the heads of other functions of any findings relating to areas within the scope of the compliance function;
- submitting reports to Nexent Bank's Managing and Supervisory Board and relevant committees, and attending their meetings to present the said reports and provide additional information and/or clarification or assistance on managing the issues raised;
- preparing and delivering to newly appointed members of Nexent Bank's Managing and Supervisory Board, in coordination with Nexent Bank's Corporate Secretary, an induction training adequately covering the respective areas of responsibilities of the compliance function with references to the responsibilities of the relevant Board and the requirements of the regulatory framework;
- leading the process of and expressing a decisive opinion on the appointment, suspension, dismissal and remuneration of the persons heading the compliance functions of Nexent Bank's branches and subsidiaries;
- informing relevant local regulators and other (monitoring) authorities, at least in the Netherlands, of any significant findings on, or developments that came to his/her attention that have material impact on, the institution's risk profile relating to areas within the scope of the compliance function and of any significant changes in the structure and functions of the compliance function;
- holding meetings with relevant local regulators and other (monitoring) authorities, at least in the Netherlands, to discuss risk analyses, audit findings and recommendations relating to areas within the scope of the compliance function.

Group Head of Compliance is supported by a number of designated officers within the compliance function in Nexent Bank Head Office and dedicated compliance officers in Nexent Bank's branches and subsidiaries, as well as controlling bodies, such as:

- Compliance Management Committee (hereinafter "CMC") - a committee established at Nexent Bank Head Office to discuss (prospect) customer and deal/transaction escalations;
- Non-Financial Risk Committee (hereinafter "NFRC") - a committee established at Nexent Bank Head Office to support the Managing Board in its oversight of, among others, Nexent Bank group's integrity risk profile and integrity risk appetite; and

- Compliance Oversight Committee - a subcommittee of the Supervisory Board of Nexent Bank.

During a period of absence of Group Head of Compliance from his office, the allocated respective duties are vested onto a designated senior officer within the compliance function in Nexent Bank Head Office.

#### *4.1.2 Country Compliance Officers*

Within the branches and banking subsidiaries of Nexent Bank, the compliance function is embedded in Country Compliance Officers, who head respective compliance units in the countries where these entities have an office (see also paragraph 4.1.4).

Country Compliance Officers also act as coordinators of compliance activities for Compliance Representatives in their respective countries (see paragraph 4.1.3).

In order to assist Group Head of Compliance in Nexent Bank Head Office to provide reasonable assurance to the Managing and Supervisory Board of Nexent Bank on the effective and efficient operation of the compliance risk management framework at Nexent Bank group level, Country Compliance Officers must, as a minimum, timely consult Group Head of Compliance before a decision and/or action is being taken about:

- significant changes to financial-economic crime prevention in their respective countries;
- their annual compliance action plan, and/or any significant changes thereto;
- disputes between the local compliance function and their local management;
- key examinations or investigations by relevant local regulators and other (monitoring) authorities in their respective countries;
- significant issues, events and regulatory developments relating to areas within the scope of the compliance function in their respective countries;
- number and level of resources assigned to the compliance function in their respective countries, and/or changes thereto.

#### *4.1.3 Compliance Representatives*

In the non-banking subsidiaries of Nexent Bank, the compliance function is vested onto Compliance Representatives.

#### *4.1.4 Compliance Function combined with other Functions*

To the extent permitted by the applicable laws, the compliance function in Head Office, branches and subsidiaries of Nexent Bank may be combined with another function whenever deemed appropriate given the nature and size of activities of the entity. However, avoidance of conflicts of interests and independency issues are key in the organisational arrangement of the compliance function in combination with other duties and responsibilities. Therefore, the other function must always be deemed compatible with the compliance function (no commercial or audit function) and must leave sufficient availability for the fulfilment of the compliance function. On a case-by-case basis, the decision on this compatibility will be taken by Group Head of Compliance (see paragraph 4.1.1) in close consultation with local management and the Country Compliance Officer of the respective entity.

#### *4.1.5 Appointment, Suspension and Dismissal of Compliance Function Staff*

At Nexent Bank group level, the compliance function staff consist of Group Head of Compliance, Country Compliance Officers, Compliance Representatives, and all other Compliance staff.

Group Head of Compliance is appointed, suspended, or dismissed by decision of the Chair of the Compliance Oversight Committee – a subcommittee of the Supervisory Board of Nexent Bank – in close consultation with the other members of the Supervisory Board and Managing Board of Nexent Bank.

The appointment of Group Head of Compliance is however subject to final approval by the Dutch Central Bank, whereas any suspension or dismissal of such officer is to be notified to the Dutch Central Bank.

A Country Compliance Officer of a branch or banking subsidiary of Nexent Bank – who will be/is assigned with solely tasks and responsibilities related to areas within the scope of Nexent Bank compliance function or the local compliance function as defined in line with local (regulatory) requirements – is appointed, suspended, or dismissed by unanimous decision of Group Head of Compliance and local management of the respective branch or banking subsidiary.

In a branch where a Country Compliance Officer will have or has a role combined with another function, the appointment/suspension/dismissal is decided on by local management of the respective branch in close consultation with Group Head of Compliance.

Any appointment of a Country Compliance Officer may however be subject to final approval by the competent authority in the country where the branch or banking subsidiary is registered. Any suspension or dismissal of such officer may have to be notified to such competent authority as well.

A Compliance Representative is appointed, suspended, or dismissed by decision of local management of the respective non-banking subsidiary<sup>3</sup> with prior consultation on such decision with the Country Compliance Officer in the respective country and Group Head of Compliance. The appointment of a Compliance Representative may however be subject to final approval by the competent authority in the country where the non-banking subsidiary is registered. Any suspension or dismissal of such officer may have to be notified to such competent authority as well.

## 4.2 Compliance Governance

It is the responsibility of the Managing Board of Nexent Bank to secure group-wide effective compliance risk management. To that effect the Chief Risk Officer has been given – amongst other risk management areas – compliance risk management as a focus area, ensuring that an effective compliance function is established and managed under responsibility of local management in a Nexent Bank office and in any other Nexent Bank group entity. The Chief Risk Officer is also responsible for compliance of Nexent Bank and any other Nexent Bank group entity outside EU with or pursuant to the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*).

Additionally, the Managing Board of Nexent Bank has established two committees, Compliance Management Committee (hereinafter “CMC”) and Non-Financial Risk Committee (hereinafter “NFRC”). The NFRC supports the Managing Board in its oversight of, amongst others, Nexent Bank’s integrity risk profile and integrity risk appetite, and the CMC discusses (prospect) customer and deal/transaction escalations.

In order to avoid potential conflicts of interests, the compliance function must be independent from the functions that are primary responsible for the implementation and maintenance of proper control measures with respect to compliance risk management, such as business lines. The aforementioned independence is established using the following principles.

- The compliance function has a formal independent status, which is stated and communicated through this Charter.
- Group Head of Compliance in Nexent Bank Head Office has a hierarchical reporting line to the Chief Risk Officer.
- Group Head of Compliance regularly reports (either through the NFRC or directly) to the Managing Board of Nexent Bank. In addition, Group Head of Compliance periodically provides reports and updates to the Compliance Oversight Committee.
- Group Head of Compliance has, under all circumstances, a direct access/escalation line to the Compliance Oversight Committee and, ultimately, to the Chair of the Supervisory Board of Nexent Bank,

<sup>3</sup> Given the dual role of a Compliance Representative (i.e. in a non-banking subsidiary the role of Compliance Officer is combined with another non-commercial or non-audit role) and the coordinating role of Country Compliance Officers regarding the compliance activities of Compliance Representatives, the decision on appointment, suspension and dismissal is not taken unanimously by Group Head of Compliance and local management of the respective non-banking subsidiary.

with regard to (compliance) matters that are related to members of the Supervisory and/or Managing Board of Nexent Bank.

- The Country Compliance Officers of Nexent Bank's branches and banking subsidiaries have dual reporting - to their local management and to Group Head of Compliance in Nexent Bank Head Office – on their own activities and, where appropriate, on the activities at country level. This is reflected in the performance appraisal system since Group Head of Compliance has a decisive vote in their annual appraisal as well as in the appointment, suspension, dismissal and remuneration of a Country Compliance Officer.
- In addition, the Country Compliance Officers of Nexent Bank's banking subsidiaries periodically provide reports and updates on compliance matters to their local Audit and Risk Committee, a subcommittee of their local supervisory body.
- A Country Compliance Officer of a branch or banking subsidiary of Nexent Bank has, under all circumstances, a direct access/escalation line to Group Head of Compliance and, where relevant, local Audit and Risk Committee and ultimately to the Chair of their local supervisory body.
- Compliance Representatives of Nexent Bank's non-banking subsidiaries are placed under the hierarchy of their local management and report to both their respective local management and their respective Country Compliance Officers.
- Compliance Representatives of Nexent Bank's non-banking subsidiaries have, under all circumstances, a direct access/escalation line to their respective Country Compliance Officer and/or Group Head of Compliance in Nexent Bank Head Office and, where relevant, the Audit and Risk Committee of the local banking subsidiary and ultimately the Chair of the supervisory body of the local banking subsidiary.
- All compliance function staff are entitled to have access to the i) information and ii) personnel necessary to carry out their tasks in an adequate and sound manner.
- The compliance function staff is remunerated in accordance with the achievement of the objectives linked to the function and independent of the performance of the business lines that own the compliance risks.

The figure in the Annex shows the reporting lines of the compliance function.

## 5. Duties and Authorities of the Compliance Function

The compliance function within Nexent Bank group must be able to carry out its functions on its own initiative without obstruction from management. In addition, the compliance function must not be obstructed by the fear of retaliation from management when reporting any breaches or non-compliance with internal policies or rules and/or external regulations. This also applies when reporting to any competent authority is the result of a legal obligation and, in addition, when reporting is done in good faith. Hence, with the support of their management, the compliance function staff should be spontaneously involved with the activities of the locations, i.e. be informed, consulted, and form part of the decision process as far as compliance risk management matters are totally or partially concerned. It is only then that the compliance function can contribute to the protection of the integrity and reputation of Nexent Bank, any other Nexent Bank group entity or Nexent Bank group.

The compliance function in an office of Nexent Bank or any other Nexent Bank group entity has within its scope, as a minimum, the following duties and authorities.

### A. Advice and Legislation

- Identify applicable compliance risk related laws, regulations, rules, and established good business standards.
- Translate (changes in) applicable compliance risk related laws, regulations, rules and good business standards, as well as expectations from relevant regulators and other (monitoring) authorities into compliance requirements.
- Report deficiencies in this respect to management of the respective entity and Group Head of Compliance in Nexent Bank Head Office, and provide advice to improve the situation and exercise control over improvement of reported deficiencies.
- Offer solicited and unsolicited advice on compliance risk management matters to management of the respective entity.
- Advise staff of the respective entity on the interpretation of the various compliance risk management rules and standards.
- Maintain contact with relevant regulators and other (monitoring) authorities (this does not prejudice the position of management vis-à-vis the relevant regulators and other authorities), as well as the internal/external audit function for compliance risk management related topics.
- Maintain contacts with industry associations relevant for the respective entity in the sphere of their competence.

### B. Information and Training

- Learning and educating are the essence of compliance. The aim is to work in close cooperation with the human resources function to embed compliance in the day-to-day mindset and behaviour of everyone working for an entity part of Nexent Bank group as well as in the culture of any entity part of Nexent Bank group.
- The same duty of learning and educating applies to compliance function staff in order to keep their knowledge up-to-date and improve their professional qualifications.

### C. Risk Identification, Assessment and Monitoring

- Identify the relevant compliance risks<sup>4</sup>, depending on the applicable compliance risk related laws and regulations and the field of activities of the entity part of Nexent Bank group, and assess and list the priorities of the identified compliance risks.

<sup>4</sup> The process of identifying compliance risks is facilitated by the compliance function, for example through so-called systematic integrity risk assessment workshops.

- Advise, support and/or challenge the business lines on the mitigation of identified compliance risks, on the design and implementation of proper control measures to mitigate such risks or on the acceptance of identified compliance risks.
- Monitor progress of actions undertaken to mitigate compliance risks or other compliance issues.

#### D. Instructions and Investigations

- Management of an entity part of Nexent Bank group may delegate to the compliance function of the respective entity the authority to give instructions to staff and to grant or withhold approval for actions by staff.
- The compliance function has the authority to take the initiative to investigate potential breaches of any laws, regulations, internal rules or standards. In doing so, the compliance function may request assistance from other support functions, including, but not limited to, the internal audit function, human resources function or external parties.
- The compliance function has the authority to request a copy of any document from management, any other staff member, any customer or other third party, if such document, at the sole discretion of the compliance function, is needed for effective compliance risk management.

## 6. Compliance Reporting

Compliance reporting allows i) the Managing Board of Nexent Bank and, where appropriate, the Supervisory Board of Nexent Bank, or ii) local management of a Nexent Bank group entity and, where appropriate, the local supervisory body of such entity, to assess - amongst others - whether the compliance risks Nexent Bank group or a specific Nexent Bank group entity is exposed to, exceed the integrity risk appetite. It is therefore essential that compliance risk management reporting will be done in an accurate, complete and timely manner.

The frequency of reporting may vary; a distinction can be made between:

- annual reporting,
- quarterly reporting,
- incidental reporting.

### Annual Reporting

In some countries where Nexent Bank or any other Nexent Bank group entity maintains an office, an annual compliance or specific anti-money laundering report needs to be provided to the competent authorities. Prior to fulfilling this obligation, the Country Compliance Officer may seek input or ask approval from Group Head of Compliance in Nexent Bank Head Office and, where appropriate, local management of the respective Nexent Bank group entity.

Group Head of Compliance and the Country Compliance Officers must design an annual compliance action plan for the upcoming year. Such a plan is presented to local management and, where appropriate, (subcommittee of) the local supervisory body of the respective Nexent Bank group entity, for discussion and approval. The content of this action plan is derived, amongst others, from the systematic integrity risk assessment which is made, at least, on an annual basis.

At least annually, a status update on the completion of the activities under the compliance action plan of the present year is to be provided by the Country Compliance Officers on entity or on consolidated basis for their country, to:

- their local management;
- where appropriate, (subcommittee of) their local supervisory body; and
- Group Head of Compliance.

With the same frequency or more regularly if there are grounds to do so, Group Head of Compliance presents such status update on consolidated basis to the Managing Board of Nexent Bank and the Compliance Oversight Committee.

## Quarterly Reporting

### *Country Compliance Officers*

The Country Compliance Officers must, for their respective Nexent Bank group entity or entities in their country, provide to Group Head of Compliance in Nexent Bank Head Office, a quarterly compliance report. Prior to sending the quarterly report, the report is (preferably) discussed with and approved by local management of the respective Nexent Bank group entity.

The quarterly compliance report must, to the extent necessary, be supported by an updated integrity risk assessment and subsequent action plan (if any), which is (preferably) to be pre-discussed with and approved by local management of the respective Nexent Bank group entity.

Depending on the meeting schedule of a local supervisory body of a Nexent Bank group entity, the quarterly compliance report(s) and, where appropriate, updated integrity risk assessment and subsequent action plan (if any), is to be presented to (the appropriate subcommittee of) the local supervisory body of such entity. If deemed necessary, Group Head of Compliance or during his/her absence a designated senior officer within the compliance function in Nexent Bank Head Office, will participate in meetings of these local supervisory bodies when documents prepared by the local compliance function are discussed.

### *Group Head of Compliance*

Group Head of Compliance in Nexent Bank Head Office will provide the Managing Board of Nexent Bank through the NFRC with a quarterly compliance status report which gives insight in the compliance risks Nexent Bank group is exposed to, and whether or not such risks exceed the integrity risk appetite. Such status report allows the Managing Board of Nexent Bank also to discuss (i) the identified and assessed compliance risks in relation to the integrity risk appetite, (ii) any lessons learned, and (iii) status of key compliance issues.

As there is a time interval of approximately six weeks between NFRC meetings (such meetings are held in the month following the end of the reporting quarter) and Compliance Oversight Committee meetings (such meetings are held in the last month of the next quarter following the end of the reporting quarter), Group Head of Compliance will present to the members of the Compliance Oversight Committee a compliance dashboard summarising, amongst others, the compliance risks Nexent Bank group is exposed to, and whether or not such risks exceed the integrity risk appetite, as per the end of the reporting quarter as well as per the date of such dashboard.

### *Incidental Reporting*

Major compliance incidents or even compliance incidents that are still pending at a Nexent Bank group entity (such as serious violation of legislation which may result in a compelling instruction or a fine from the competent authority, or issues which may result in reputational damage), must be reported without delay by the Country Compliance Officer or Compliance Representative to their respective management and/or supervisory bodies, and Group Head Compliance in Nexent Bank Head Office. Group Head of Compliance will inform on a real time basis the Managing Board and, where appropriate, the Supervisory Board of Nexent Bank accordingly.

Similarly, any major compliance incidents including those that are still pending at Nexent Bank, are reported without delay by Group Head of Compliance to the Managing Board and, where appropriate, the Supervisory Board of Nexent Bank.

Where appropriate, the local relevant regulator(s) and/or other (monitoring) authority(ies) has/have also to be informed.

## Annex: Reporting lines of the Compliance Function

