



**nexent  
bank**

# **Audit & Risk Committee Charter**

## **December 2024**

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

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## Article 1 Definitions

Bank	means Nexent Bank N.V. or CEG N.V., incorporated under the laws of the Netherlands, having its registered office at Karspeldreef 6a, 1101 CJ Amsterdam, The Netherlands, including its subsidiaries, branches and liaison offices
Committee	means the Audit & Risk Committee of Nexent Bank N.V. or CEG N.V. subject to this charter
Supervisory Board	means the Supervisory Board of Nexent Bank N.V. or CEG N.V.
Managing Board	means the Managing Board of Nexent Bank N.V. or CEG N.V.
Head of Internal Audit	means Head of Internal Audit of Nexent Bank N.V.

## Article 2 Status of this charter

- 2.1 This charter sets forth the composition, tasks and responsibilities, authorities, and work method of the Committee.
- 2.2 This charter is approved by the Supervisory Board in accordance with the relevant provision(s) of the Charter governing the Supervisory Board of the Bank.
- 2.3 This charter applies to the actions and responsibilities of the Audit & Risk Committee of Nexent Bank N.V. or CEG N.V.

## Article 3 Composition of the Committee

- 3.1 The Committee consists of at least three (3) independent Supervisory Board members, of which at least one (1) is also member of the Compliance Oversight Committee.
- 3.2 In order to understand the Bank's business, financial statements, risk appetite and risk profile, the members of the Committee collectively have adequate expertise in accounting, auditing, risk management and financial management. At least one member of the Committee must have accounting, auditing, and related financial management expertise.
- 3.3 All members of the Committee are appointed and can at any time be dismissed as member of the Committee, by the Supervisory Board. In general, the term of the membership is not fixed upfront. The term is determined by the composition of the Supervisory Board, and by that of other committees linked to the Supervisory Board.
- 3.4 The Supervisory Board appoints an independent Supervisory Board member as the chairman of the Committee. The Committee may not be chaired by the chairman of the Supervisory Board or any of its other committees, or by a former member of the Managing Board. The Committee may appoint a vice-chairman.
- 3.5 The secretary of the Committee shall be either the Head of Internal Audit or the Corporate Secretary. His/her tasks may be delegated to another person – after approval of the chairman of the Committee. The

secretary at the meeting shall draft minutes of the items discussed during a meeting of the Committee. The Committee approves the minutes of the meetings at its next scheduled meeting.

## Article 4 Duties, tasks, and responsibilities

4.1 The Committee undertakes preparatory work for the Supervisory Board's discussions and decisions in relation to the integrity and quality of the Bank's financial reporting and the effectiveness of risk management and control systems in relation to financial reporting.

4.2 The general task of the Committee is to assist the Supervisory Board in monitoring and advising on the following matters:

- the quality and integrity of the financial statements, including annual, half-yearly and quarterly reports.
- the Bank's risk profile, policy standards and guidelines for risk assessment, risk appetite and risk management, and provide advice on the risk management processes and procedures in place to ensure that they are operating as intended.
- the risk management & internal control framework including discussions on the functioning of and major failings in risk management and internal control systems, any significant changes made to these systems and any major improvements planned, including information technology systems.
- corporate sustainability, including but not limited to the risk strategy and long-term value creation, ESG (Environmental Social and Governance) priority setting and ESG-related Key Performance Indicators.
- the application of information and communication technology, including risks relating to cybersecurity.
- the external auditors' selection, remuneration (fees for audit or non-audit services), performance, qualifications, and independence.
- review and concur with the appointment or dismissal of the Head of Internal Audit and advises the Supervisory Board thereon.
- the performance of the risk management function and internal audit function.

4.3 The Committee shall focus on supervising the activities of the Managing Board with respect to:

- the financial information (choice of accounting policies, application and assessment of the effects of new or changed reporting standards, significant judgmental areas, etc.).
- the adequacy of governance, risk management and internal control systems, including compliance with relevant laws and regulations and the adequacy of internal codes and policies.
- follow-up on measures following regulatory examinations and compliance with other legal, regulatory, and corporate policy requirements.
- work of and follow-up on recommendations and observations of internal and external auditors.
- relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the Bank.
- the role, organizational independence (including handling of potential conflict of interests) and functioning of the internal audit function.
- material financial risk exposures.
- the financing structure in relation to funding.
- the information and communication technology applications in respect of financial and sustainability reporting.
- the Bank's tax policy.

- the dividend policy.

4.4 With respect to the internal audit function the Committee shall:

- ensure that the Head of Internal Audit has the qualifications and competencies that are necessary to fulfil the roles and responsibilities expected by the Supervisory Board.
- ensure that the Internal Audit Department has adequate resources, qualifications, competencies, and appropriate access to information to enable it to perform its functions effectively.
- review and endorse the internal audit charter on a yearly basis for approval by the Supervisory Board.
- annually review and endorse the internal audit plan and internal audit budget for approval by the Supervisory Board. This includes determination of audit areas and resource allocation. The Committee may conduct or request the Internal Audit Department to conduct examinations.
- monitor the results, resolving activities, and annual evaluation of group/local Internal Audit's quality assurance and improvement program.
- quarterly discuss and review the key audit reports and quarterly summary reports issued by the Internal Audit Department. Attention is given to the follow-up of audit recommendations, especially the items which are not implemented within a reasonable time e.g., outstanding longer than one year.
- review the internal audit activity's performance in relation to its audit plan.

4.5 The Committee discusses annually with the external auditor:

- the scope and materiality of the external audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan.
- the findings and outcomes of the external audit work on the financial statements and the external auditor reports to the Committee, Supervisory Board and Managing Board.
- the material risks and uncertainties as referred to in the external auditor reports and significant adjustments resulting from audit.
- the significant accounting or reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncement, and their impact on the financial statement.
- compliance with statutory and legal requirements and regulations, in particular in the financial domain.
- legal and tax related matters with a material impact on financial statements.
- detection of misconduct or irregularity, such as fraud.
- reporting and assurance on regulatory and corporate sustainability reporting.
- any problems or difficulties the external auditor may have encountered. In this respect the Committee also assesses the likelihood of the withdrawal of the external auditor from the audit, and how the Bank would respond to that risk.

4.6 The Committee pre-approves the budget for all audit (related) services per type of service and risk management services to be performed by the external auditor or other third parties.

4.7 The Committee shall review the annual accounts prepared by the Managing Board and shall advise on the approval of the annual accounts to the Supervisory Board.

4.8 The Committee shall understand how the Managing Board prepares interim financial information, and the nature and extent of internal and external auditor involvement. The Committee shall review interim financial reports with the Managing Board and, eventually, the external auditors before publication and in addition consider whether interim financial reports are complete and consistent with the information known to members of the Committee.

4.9 The Committee assesses whether the external auditor's involvement is needed in the content and publication of financial reports other than the financial statements.

4.10 The Committee is empowered to resolve any disagreements between the Managing Board and the external auditor regarding financial reporting.

4.11 The Committee shall function as the principal contact for the external auditor if he discovers irregularities in the content of financial reporting.

4.12 The Committee performs any other activities related to this charter as requested by the Supervisory Board.

## Article 5 Meetings

5.1 The Committee shall meet as often as it determines, but at least quarterly before the publication of any periodic financial report, or more frequently as circumstances dictate, and further as often as needed for the proper functioning of the Committee. Any member of the Committee can take the initiative to call for and arrange a meeting.

5.2 The agenda for the meeting is sent to all members of the Committee, usually 5 working days prior to the meeting date. For each agenda item, as much as available and relevant, documentation and information are provided. The chairman will approve the agenda for committee meetings and any member may suggest items for consideration. The secretary of the Committee will collaborate with Managing Board and chairman of the Committee to ensure that responsibilities of the Committee are scheduled and conducted.

5.3 The Managing Board, i.e. Chief Executive Officer, Chief Financial Officer and Chief Risk Officer, and Head of Internal Audit attend the meetings of the Committee.

The replacement of a member of the Committee or an attendant (as mentioned above) if one of them is absent, shall be arranged for on a case-by- case basis. At his discretion, the chairman of the Committee may invite other employees, and any other person whose attendance may, in his judgment, be helpful or appropriate to the Committee in performing its duties, to attend all or part of any Committee meeting.

5.4 The external auditor shall attend the Committee meetings unless the Committee determines otherwise. At least one meeting shall have the subject of the annual financial statements, external auditors' opinion, and external auditors' report to the Committee thereon.

5.5 The Committee meets with the external auditor as often as it considers necessary, but at least once a year, outside the presence of the Managing Board. The Committee meets with the Head of Internal Audit, separately, at least once a year without the Managing Board being present.

5.6 Notwithstanding the previous paragraph the external auditor and Head of Internal Audit may request for a meeting with the chairman of the Committee.

5.7 All members of the Committee are expected to attend each meeting, in person or via teleconference or via videoconference.

5.8 The meetings are organized as joint meetings of the Committee of Nexent Bank N.V. or CEG N.V.

## Article 6 Reporting to the Supervisory Board

6.1 At every Supervisory Board meeting, the chairman of the Committee or another member of the Committee shall provide the Supervisory Board – either in writing or verbally – with a report on the discussions, resolutions, findings, recommendations, and/or proposals of the Committee.

6.2 The Committee annually reports to the Supervisory Board on its deliberations and findings. The report, at least, includes the following information:

- the methods used to assess the effectiveness of the design and operation of the risk management and control systems associated with:
  - o the strategy and activities of the Bank and its affiliated enterprises.

- the risk appetite, and also the internal controls that are put in place in order to counter the risks being taken.
  - monitoring by the Managing Board of the operation of the risk management and control systems and review of the systematic assessment of their design and effectiveness at least once per year. This monitoring covers all material control measures relating to strategic, operational, compliance and reporting risks.
  - attention is given to observed weaknesses, instances of misconduct and irregularities, indications from whistleblowers, lessons learned and findings from the internal audit function and the external auditor. Where necessary, improvements are being made to risk management and control systems.
- the methods used to assess the effectiveness of the internal and external audit processes.
  - material considerations regarding financial reporting.
  - the way the material risks and uncertainties included in the statement by the Managing Board have been analyzed and discussed, along with a description of the most important findings of the Committee, with clear substantiation that:
    - the report provides sufficient insight into any failings in the effectiveness of risk management and control systems.
    - the aforementioned system provides reasonable assurance that the financial reporting does not contain any material inaccuracies.
    - based on the current state of affairs, it is justified that the financial reporting is prepared on a going-concern basis.
    - the report states those material risks and uncertainties that are relevant to the expectation of the Bank's continuity for the period of twelve months after the preparation of the report.
  - proposal for external auditor's engagement to the audit of the financial statements.
  - functioning and the developments in the relationship with the external auditor.

6.3 The external auditor is appointed by the General Meeting of Shareholders. The Supervisory Board nominates a candidate for the appointment or replacement to the General Meeting of Shareholders. The Committee submits a proposal to the Supervisory Board regarding the external auditor's appointment, reappointment, performance, functioning, dismissal, remuneration as well as the terms of engagement to audit the financial statements. The Managing Board plays a facilitating and advising role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and remuneration for the audit. The Supervisory Board resolves the engagement.

The Bank publishes a press release in the event of the early termination of the relationship with the external audit firm. The press release explains the reasons for this early termination.

6.4 The Committee reports annually to the Supervisory Board on the functioning of, and the developments in, the relationship with the external auditor. The Committee advises the Supervisory Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Committee gives consideration to the Managing Board's observations during the aforementioned work. Also on this basis, the Supervisory Board determines its nomination for the appointment of the external auditor to the general meeting of shareholders. Furthermore, the Committee ensures the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit.

6.5 Other Supervisory Board members have access to all information presented and discussed in the Committee.

## Article 7 Miscellaneous

- 7.1 The members of the Committee have unrestricted access to the Bank's information and documentation, as well as all employees.
- 7.2 The Committee has the authority to retain any external legal, accounting, or other advice.
- 7.3 The Committee self-evaluates its functioning according to best practices on an annual basis, as part of the Supervisory Board self-evaluation.
- 7.4 Every year, the Committee shall conduct a thorough assessment of the independence and functioning of the external auditor.
- 7.5 The Committee shall review and reassess the adequacy of this charter yearly.
- 7.6 The charter and the composition of the Committee shall be published on Nexent Bank's website.

This version of the Audit & Risk Charter was approved by the Supervisory Board on 13 December 2024