

Internal Audit Charter

Effective Date	7 December 2022
Approval Authority	Managing Board/Audit & Risk Committee
Owner	Internal Audit Department
Classification	External use
Functional Applicability	Credit Europe Bank N.V.
Geographic Applicability	Parent company and subsidiaries
Initial Creation Date	November 2002
Last Reviewed	7 December 2022
Next Review Date	7 December 2023
Version	9.0
Status	Final

Table of Contents

1. INTRODUCTION.....3

2. PURPOSE.....3

3. POLICIES AND OBJECTIVES4

4. RESPONSIBILITIES6

5. OTHER.....7

6. GETTING HELP.....7

7. AUTHORITY.....7

1. Introduction

Credit Europe Bank N.V. ('CEB') has developed an Internal Audit Charter that identifies responsibilities, reporting requirements and performance standards for the internal audit function and its activities within CEB, its branches and overseas liaison offices as well as its banking and non-banking subsidiaries, and is published on the corporate website.

Definitions

Bank	means Credit Europe Bank N.V., incorporated under the laws of the Netherlands, having its registered office at Karspeldreef 6a, 1101 CJ Amsterdam, The Netherlands.
Audit & Risk Committee	means the Audit & Risk Committee of the Bank.
Supervisory Board	means the Supervisory Board of the Bank.
Managing Board	means the Managing Board of the Bank.
Head of Internal Audit	means Head of Internal Audit of the Bank.

2. Purpose and Mission

The purpose of CEB's internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve CEB's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Managing Board is responsible for the internal audit function. The duty of the internal audit function is to assess the design and operation of the internal risk management and control systems. The Supervisory Board oversees the internal audit function and maintains regular contact with the Head of Internal Audit. The IAD might conduct consulting activities, at the request of the Audit & Risk Committee and/or Managing Board.

CEB has implemented the three line model. Business divisions form the first line. The second line consists of financial control, risk management and the compliance organization. The third line is the internal audit function (IAD). Internal auditors are focused on business units (incl. branch audits), risk management audits and compliance audits and IT auditors are focused on information technology, information security and IT security. All lines working together collectively contribute to the creation and protection of value when they are aligned with each other and with the prioritized interests of stakeholders. Alignment of activities is achieved through communication, cooperation, and collaboration.

The mission of the IAD is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. In this respect, the IAD is helping CEB in achieving and maintaining sound governance and control and reaching its business goals and objectives through assessing the functioning and effectiveness of business units, risk management and compliance activities.

The Head of Internal Audit is responsible for coordination of the internal audit function. The objective is to provide all levels of the management and other stakeholders with sufficient, relevant and useful information that helps them to assure:

- the achievement of the organization's objectives;
- compliance with laws, regulations, policies, procedures and contracts;
- the safeguarding of assets;
- the effectiveness and efficiency of operations, risk management, compliance, control and governance processes;
- the reliability and integrity of financial and operational information.

The IAD will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principle for the Professional Practice of Internal Auditing, Code of Ethics, the International Standards for Professional Practice of Internal Auditing and the Definition of Internal Auditing. The Head of Internal Audit will report periodically to the Managing Board and Audit & Risk Committee regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

CEB is also subject to supervision of De Nederlandsche Bank N.V. which can set additional internal audit requirements.

The external auditor performs the audit of the financial statements. Internal auditors have a different mandate and are responsible for their own judgments and assessments. Internal and external auditors may identify the same or similar related risks. IAD members are not participating in the external audit activities and the external auditor is not relying on the audit work performed by internal audit. The external auditor may take note of the audit work performed by IAD and use it for the external audit activities.

3. Independence of internal audit function

In order to operate independently, IAD is not involved in daily operations within the first and second line and has no managerial powers except those relating to the management of IAD. Internal audit activity remains free of conditions that threaten the ability of the function to carry out its activities in an unbiased matter. IAD does not participate in any activity or relationship that may impair or be presumed to impair its unbiased assessment. If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit will disclose the details of the impairment to the appropriate parties. If the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence and objectivity.

4. Policies and objectives

Regarding the set up and organization of the internal audit function the below policies and objectives are taken into account.

- A. The IAD operates independent from line management and separate from the internal control measures that are integrated in the various components of the different business processes. The IAD assesses the functioning and effectiveness of business units, risk management and compliance activities. The Head of Internal Audit will report functionally to the Audit & Risk Committee and administratively (i.e. day-to-day operations) to the Chief Executive Officer.
- B. The Supervisory Board, taking into account the recommendations provided by the Audit & Risk Committee, approves the decisions by the Managing Board regarding the appointment or dismissal of the Head of Internal Audit. If the Head of Internal Audit is removed from his position this is disclosed publicly. The Head of Internal Audit has a closed meeting with the Members of the Audit & Risk Committee once a year. The

Managing Board assesses the way in which the internal audit function fulfills its responsibility annually, taking into account the Audit & Risk Committee's opinion. The appraisal and remuneration of the Head of Internal Audit is approved by the Chairman of the Audit & Risk Committee.

- C. The IAD examines and evaluates the governance, the organizational arrangements and the internal control mechanisms. The scope of activities of the IAD covers all activities and all departments. This means inter alia that other control functions such as the risk management function and compliance function are also subject to examination and evaluation by the IAD. The IAD has free, full and unrestricted access to all activities, officers, locations and information to carry out any engagement. This includes the (chairman of) the Audit & Risk Committee and/or the external auditor IAD attends relevant Managing Board and Committee meetings (e.g. Non-Financial Risk, Credit Committee, IT Steering Committee, management team meetings, etc.)
- D. The IAD may perform ad hoc and special investigations assigned by the Audit Committee, Managing Board and regulators.
- E. The IAD allocates resources, sets frequencies, selects subjects, determines scopes of work, performing engagement, applies techniques required to accomplish audit objectives and issues reports
- F. The IAD coordinates, communicates and standardizes audit activities of local internal audit departments. Periodically the scope of each local internal audit department is reviewed and laid down in the consolidated audit plan. The IAD may assist local audit departments in conducting internal audits, risk management audits, compliance audits and IT audits. The local audit departments are responsible for the execution of the internal audit function in accordance with local regulations, best practices and the Internal Audit Manual.
- G. The Head of Internal Audit reviews and concurs on the appointment, replacement and dismissal of the Head of local internal audit departments in close cooperation with local management, the local Audit (& Risk) Committee and/or the Supervisory Board. The Heads of local internal audit departments have a functional reporting line to the Head of Internal Audit.
- H. The IAD meets on a regular basis with the external auditor and both share information that is relevant for the audit of the financial statements.
- I. The detected deficiencies, control failures and findings regarding the design and/or the operation of the organizational arrangements and the internal control mechanisms are reported and discussed in writing in a timely manner to senior management responsible for the (sub)-process or project concerned.
- J. The IAD also reports the results in writing to Managing Board in a timely manner. The Managing Board ensures that reported deficiencies and control failures result in an appropriate corrective action taken or to be taken in regard to the specific findings and recommendations.
- K. The IAD participates in monitoring the implementation of the corrective action taken or to be taken and reports thereon to the Managing Board and the Audit & Risk Committee.

- L. The IAD ensures that examination and evaluation of the activities of the line organization is performed with sufficient expertise. The IAD shall ascertain that its operations are in accordance with the regulations as well as in accordance with generally accepted internal auditing standards. In order to reach this objective Managing Board allocates sufficient resources.

5. Responsibilities

- A. The Audit & Risk Committee reviews and approves the internal audit charter on the yearly basis.
- B. The IAD is responsible for developing an internal audit plan, using an effective risk-based methodology, and with input of key stakeholders (Audit Committee, Managing Board, external auditor, regulators and senior management). The plan shall cover a risk assessment of all organizational activities and the related audit activities within an appropriate time cycle. The Managing Board, the Audit & Risk Committee and Supervisory Board approve the yearly internal audit plan and internal audit budget. Audit & Risk Committee makes appropriate inquiries of Managing Board and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations.
- C. A schedule is incorporated in the internal audit plan to indicate the frequency of an area to be examined. Based on IAD's own discretion or on the request of the Managing Board and/or Audit & Risk Committee, specific assignments may take place.
- D. For each area to be examined, the IAD prepares a detailed audit program based on a risk assessment. Risks, which are defined in regulations, are an important starting point.
- E. Examinations and evaluations of a certain department, activity or process are recorded and filed by the IAD in a proper, systematically and organized manner, so that there is an audit trail. This includes the supporting and underlying evidence of findings, conclusions and recommendations.
- F. Personnel within the IAD are subject to confidentiality. Information and documentation that are regarded as 'private and confidential' are archived in a secured location. The use is restricted to the IAD. Only when there's written approval by Managing Board, the required information and documentation is given by the IAD.
- G. Announcements are made in a proper manner to department heads, for the activities and processes that are to be examined and evaluated.
- H. The IAD communicates all detected relevant deficiencies, control failures and findings and recommendations regarding the design and/or the operation of the organizational arrangement and the control mechanism with senior management responsible for the (sub) process or project concerned. The IAD maintains a system in qualifying the findings and recommendations on level of importance. The audit report may include the management responses and corrective action taken or to be taken in regard to the specific findings and recommendations. The management's response includes a date for anticipated completion of the action to be taken and an explanation for any recommendation not addressed. The audit reports is presented to the Managing Board. Key audit reports are also shared with the Audit & Risk Committee. Summarized findings and recommendations are reported to the Managing Board and the Audit & Risk Committee. The IAD shall be responsible for monitoring the appropriate follow-up on

the audit findings and recommendations and related clearance process by Managing Board and/or Audit & Risk Committee.

- I. Based on Managing Board's needs, the IAD reports findings and/or recommendations (periodically or ad hoc) in a structured and proper manner. On the other hand the IAD may report results and consult at its own discretion directly to the CEO, CRO, the Managing Board, or (the chairman of) the Audit & Risk Committee.
- J. The IAD informs Audit & Risk Committee, Managing Board and senior management on early warnings on key topics and developments regarding banking supervisors, regulatory requests and results of special reviews.
- K. The IAD maintains a sufficient level of competence (including knowledge to identify indicators of fraud), specialist skills, experience, professional qualifications and insures continuous development of audit knowledge and skills.
- L. IAD has established a quality assurance program to ensure that the internal audit activities are conducted in accordance with general accepted standards for internal audits such as standards of the Institute of Internal Auditors (IIA), the Royal Netherlands Institute of Chartered Accountants (NBA) and the Dutch Organization of Registered EDP-Auditors (NOREA). This means that internal and external assessments take place as part of the ongoing monitoring efforts of its effectiveness. As part of this quality assurance program periodic external assessment takes place that meets the requirements set by the IIA, NBA and NOREA.

6. Other

In order to ensure that internal audit activities are conducted in an efficient and effective manner, the IAD coordinates and communicates with other risk and monitoring functions in the organization in a proper manner.

In general, the IAD does not outsource activities to third parties except when special expertise is missing. In such cases outsourcing takes place in co-ordination with the Managing Board and in accordance with the external auditor's independence policy.

7. Getting Help

Any queries related to the content and interpretation of this Charter can be addressed to Internal Audit Department of CEB.

8. Authority

This version of the Internal Audit Charter was approved by Managing Board and Audit & Risk Committee on 7 December 2022.
