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Charter Internal Audit

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Colophon

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This Charter is evaluated on an annual basis and intermediate in case of material changes. All material changes to this Charter must be discussed with the ExBo and the Audit Committee and adopted by the Supervisory Board and will come into effect as from the date of adoption. The Charter document owner sees to adequate disclosure of updated versions to the relevant stakeholders.

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Management Summary

Our mission and what we do

Internal Audit provides risk-based and objective assurance, advice and insight leading to an in control bank.

Our internal stakeholders

Internal stakeholders are the Executive Board and MT (ExBo), the Audit Committee of the Supervisory Board (AC) and the Management Council.

Our scope

Our scope includes the evaluation of the adequacy and effectiveness of the organisation's governance, risk management, compliance and internal controls as well as the quality of performance in carrying out the organisation's goals and objectives and the link thereof with the strategy. We perform audits on all activities of ASN Bank, including subsidiaries and outsourced activities to service providers.

Our product range

We primarily perform operational and IT audits, next to audit activities that relate to compliance, programmes, projects, soft controls (culture and behaviour), fraud and advisory assignments.

Our key competence

Key competence is being independent and impartial, both in organisational positioning and in the mindset of auditors. The Director of Internal Audit reports to the CEO and has an open communication line with the Chair of the AC.

Requirements

To adequately perform our work we need unconditional access to all functions, staff, files and systems, including minutes of the Executive Board and Supervisory Board.

Realising effectiveness

To realise an effective role in ASN Bank, we follow a structured approach:

- Based on a yearly risk analysis, leading to a multi-year audit plan, Internal Audit receives adequate budget to perform the audits deemed necessary;
- We report our findings in writing and discuss these in draft with responsible management. Action items are agreed with management and are followed up. The ExBo creates an atmosphere in which risk owners can solve issues (by allocating budget and setting priorities) and encourages resolution;
- The outcome of the audit work is reported quarterly to the ExBo, Audit Committee, Management Council, the external auditor and supervisors;
- We take notice of the planning and reports of the second line Risk and Compliance departments and the external auditor, and plan our activities accordingly.

Quality assurance

Internal Audit has documented its approach in the Audit Manual that incorporates structured internal review. The manual is based on the professional practices as prescribed by the IIA and is compliant with regulations and guidelines from NBA, NOREA, ISACA, Basel Committee and EBA. Every 4 years Audit is evaluated externally on her ongoing compliance with these professional practices.

1. Introduction

This 2026-charter is in content identical to the 2025-version. Changes only concern minor textual refinements as the use of "ASN Bank" and "Executive Board (ExBo)". There are no open items for future improvements. The Charter is disclosed to all employees by publishing the document in the House of Policies, the Internal Audit intranet (iD), intranet (iD site on governance).

2. Regulatory framework

In drafting the audit plan and the performance of audits, specifically the requirements from the following practices, regulations and guidelines are taken into account:

International / EU regulations:

- EU directive law CRD - Capital Requirements Directive;
- EU regulation CRR - Capital Requirements Regulation;
- Bank Recovery and Resolution Directive;
- Digital Operational Resilience Act;
- Anti-money laundering directive;
- General Data Protection Regulation;
- EBA Guidelines on internal governance;
- ECB and EBA guidelines:
 - ECB Guide on Internal Models
 - ECB Guide on Climate and Environmental Risks
 - ECB Guide on effective risk data aggregation and risk reporting
 - ECB Guide to the ILAAP and the ICAAP respectively
 - EBA Guidelines on IRRBB an CSRBB
 - EBA Guidelines on outsourcing arrangements
 - And other applicable EBA and ECB guidelines.
- Applicable BCBS guidelines (a.o. #223 Internal audit, #239 PERDARR, #328 Corporate Governance).

National regulations:

- Financial Supervision Act (Wft) and underlying regulations, such as Bgfo and Bpr;
- The Act for the prevention of money laundering and financing of terrorism (Wwft);
- Dutch Corporate Governance Code;
- Dutch Banking Code.

Professional and best practices

- IIA: Global Internal Auditing Standards and the related Ambition Model;
- NBA (e.g. Practice guidance 1145);
- NOREA;
- ISACA (e.g. COBIT 5 framework).

Per audit several specific laws, practices and/or regulations can be applicable, e.g. EU Deposit Guarantee Schemes Directive (in line with the DNB Policy Guide Individual Client Profile); Sanctions regulations, WBFO and General Data Protection Regulation (GDPR), EBA Guidelines on Outsourcing.

3. Mission statement and scope

3.1 Mission statement

To support realizing ASN Bank's mission, it is Internal Audit's mission to provide risk-based and objective assurance, advice and insight leading to an in control bank. Internal Audit evaluates, through a systematic and disciplined approach, the effectiveness of the bank's internal control, processes, risk management, compliance and governance systems, and provides recommendations to optimise these. Internal Audit reinforces (by providing assurance) ASN Bank to create an excellent customer and employee experience and excellent operations in a simple, responsible, sustainable and transparent manner. Internal Audit acts as the conscience of the organisation in realising our strategic goals of a people-oriented, social and sustainable bank. Therefore, it is Internal Audit's task to provide independent and objective assurance and suggest improvements to the ExBo, Directors of ASN Bank and the Audit Committee regarding:

- Governance of ASN Bank and its subsidiaries;
- Adequacy and efficiency of the internal control framework of ASN Bank to support the realisation of ASN Bank's strategic objectives;
- Reliability and adequacy of management information to support and test the realisation of ASN Bank's objectives;
- Reliability of the (financial) information and data management;
- Compliance with relevant laws and regulations;
- Facts and circumstances when fraud is suspected;
- Safeguarding of tangible and intangible assets (such as reputation of ASN Bank);
- Follow-up on agreed action items.

3.2 Scope

The field of action of Internal Audit is defined by the following areas:

- All activities, entities and joint ventures within ASN Bank, which are directly or indirectly at least 50%-owned by ASN Bank;
- Activities, entities and joint ventures which are directly or indirectly less than 50%-owned by ASN Bank, as far as audit coverage is agreed upon between parties;
- All service providers to which businesses are contractually outsourced (right to audit);
- Acquisitions or joint ventures: Internal Audit may take part in the due-diligence processes before acquisitions of entities or before entering into joint ventures.

The scope of Internal Audit encompasses all operational, financial, compliance, and information technology activities of the organization, with a focus on, but is not limited to, the examination and evaluation of the adequacy and effectiveness of organisation's governance, risk management, compliance and internal control processes as well as the quality of performance in carrying out assigned responsibilities. Internal Audit assesses and monitors all risks included in the Risk Taxonomy as defined in the RMP ERM. For outsourced activities, Internal Audit can make use of ISAE3402 statements from external auditors and also retains the right to perform on-site audits at service providers.

If Internal Audit identifies risks, regardless of whether they fall within or beyond the original audit scope, Internal Audit issues recommendations to improve internal controls, which management translates into action points.

3.3 Key areas of Internal Audit coverage

Internal Audit is responsible for adequately covering all areas in a risk-based audit plan. Main areas and activities that the internal audit function covers include:

Operational and IT Audits:

- Assessing the effectiveness and efficiency of risk control within business processes, programmes, projects and resource employment. This includes an assessment of the set-up and ongoing effectiveness of the internal control framework, in line with the strategy and policies of ASN Bank and with properly aligned execution, communication and management information.
- Assessing the appropriateness of ASN Bank governance framework and internal control systems, including whether existing policies and procedures remain adequate and comply with legal and regulatory requirements, with decisions of management and the risk appetite, and strategy of ASN Bank;
- Internal Audit evaluates both the design, implementation and operational effectiveness of relevant procedures. In this context the adequacy, quality and effectiveness of controls performed by first line and the Risk Management Function and Compliance Function are evaluated;
- Assessing whether risk exposures, policies, plans and procedures are correctly and effectively implemented (e.g. compliance with conduct requirements of transactions, the compliance of the level of risk effectively incurred with the risk appetite and limits, etc.);
- Performing data analytics to create insight in data quality and effectiveness of controls;
- Assessing reliability, integrity, and security of information (management) systems, applications, related departments and processes;
- Assessing the reliability, integrity and security of information and the means used to identify, measure, classify and report such information.

Financial audits:

- The external auditor has primary responsibility for auditing the statutory financial statements; if Internal Audit's work contributes to specific areas, the internal and external audit work is closely coordinated;
- Assessing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- Internal Audit has responsibility for auditing the integrity of (financial) management information by auditing the establishment process and related reporting on a cyclical basis.

Compliance audits:

- Determining if the institution adheres to internal policies and relevant laws and regulations and addresses any deviation;
- audits required by external stakeholders;

Other audits or special investigations:

- Assessing the quality of performance of external auditors and the degree of coordination with Internal Audit;
- Performing consulting and advisory services related to governance, risk management, compliance and control as appropriate for the organisation;

- Assessing and reporting significant risk exposures, control issues or specific operations, including fraud risks, governance issues and other matters needed or requested by the ExBo, the Supervisory Board or management, as appropriate;
- Audits on change initiatives (such as programmes and projects), including reviews on governance and deliverables;
- Soft controls audits of behaviour and cultural aspects of organisational entities;
- Special investigations, such as investigations of operational losses (including fraud) with an amount bigger than € 100,000 and/or where Directors are (or seem to be) involved;
- Follow-up monitoring on action items;
- Data analysis as part of the overall risk assessment, as part of audits or as separate activity;
- Yearly evaluation of ASN Bank's whistle blowing procedure based on the primary role that is assigned to the Compliance function in this context;
- Activities necessary to support the AC of ASN Bank.

4. Positioning & independence

It is of fundamental importance that the organisational positioning and the reporting lines of the Internal Audit department guarantee maximum independence, impartiality and stature of Internal Audit and the Director of Internal Audit. The Director of Internal Audit reports functionally to the ExBo and the AC of the Supervisory Board and administratively (i.e. day to day operations) to the CEO. Therefore, the Director of Internal Audit holds regular bilateral meetings with the CEO where both parties are encouraged to engage in unrestricted discussions on any matter considered relevant. The Director of Internal Audit communicates and interacts directly with the AC, as appropriate. The Director of Internal Audit participates in all meetings of the AC and Risk & Compliance Committee (R&CC) of the Supervisory Board and reports the results of performed audits to the AC quarterly. The AC discusses with the Director of Internal Audit and the external auditor at least yearly the functioning and attitude of the ExBo (tone at the top), without the presence of the ExBo. Furthermore, the Director of Internal Audit has several bilateral meetings a year (at least quarterly) with the Chairman of the AC.

The Director of Internal Audit is free to communicate with the external auditor(s) and supervisors, as far as he/she feels appropriate. To safeguard the independence of Internal Audit in terms of objectivity and impartiality, controlling procedures such as job rotation and employability of auditors (due to work history or advisory assignments), peer reviews and reviews by the external auditors and supervisors are carried out.

Internal Audit is not involved in designing, selecting, establishing and implementing specific internal control policies, mechanisms and procedures, and risk limits. However, this should not prevent the ExBo and management from requesting input from Internal Audit on matters related to risk, internal controls and compliance with applicable rules.

5. Professional skills and expertise

The Director of Internal Audit is responsible for ensuring that the reported findings, conclusions and advice are based on an adequate and professional foundation. To fulfil this responsibility, the Director of Internal Audit ensures that Internal Audit employees possess a high level of professional skills and expertise. Recruitment, training, coaching

on the job, ongoing professional development, manual, job instructions and tooling are all aligned to support this objective. The basis of the quality system lies within the audit teams. The Director of Internal Audit or his/her substitute reviews all executive summaries of reports in advance. All formal documents specifically written for the ExBo or Audit Committee are processed by the Director of Internal Audit and a second member of Management Team Internal Audit. All staff acting as Lead Auditor must have a minimum of one professional audit qualification: Chartered Accountant (RA), Registered Operational Auditor (RO) and Registered IT Auditor (RE). Preferably the MT of Audit contains all three professional audit qualifications; the Director of Internal Audit must have one of these qualifications.

6. Authorities

Authority has been granted to the Director of Internal Audit, by the ExBo and by the AC of the Supervisory Board, to initiate every audit that he/she deems appropriate.

Internal Audit has the authority to:

- Have full and unconditional access to all functions, files, physical assets, personnel, buildings, systems and information, including access to management information systems, records and the minutes of all consultative and decision-making bodies (including all ExBo and Supervisory Board meetings). This access is to be exercised with sound judgement, particularly with respect to privacy considerations. The GDPR does not constrain this authority;
- Decide on the allocation of audit resources and frequency, set audit scopes and execute every audit method necessary to reach the Internal Audit objectives;
- Demand sufficient support from the auditee's personnel;
- Hire additional and specialised resources from inside or outside ASN Bank;
- Require timely and effective follow-up on agreed actions by senior management.

Internal Audit staff is not authorised to:

- Perform any operational duties for ASN Bank;
- Initiate or approve accounting transactions not related to Internal Audit's own operations;
- Direct the activities of any employee of ASN Bank not employed by Internal Audit.

7. Responsibilities

The AC of the Supervisory Board:

- Reviews the Internal Audit charter, the risk based Internal Audit plan, the Internal Audit budget and resource plan, prior to approval by the Supervisory Board;
- Receives updates from the Director of Internal Audit on Internal Audit's performance relative to its plan and other relevant matters;
- Reviews and concurs in decisions regarding the appointment, (temporary) suspension and dismissal of the Director of Internal Audit, prior to approval by the Supervisory Board. The Chair of the Audit Committee plays an important role in the periodic performance evaluation of the Director of Internal Audit. When the Director of Internal Audit leaves ASN Bank, the Chair of the AC will conduct an exit interview;
- Makes appropriate inquiries of management and the Director of Internal Audit to determine whether there are inappropriate scope or resource limitations.

The ExBo has the following responsibilities:

- Appointment, remuneration and dismissal of the Director of Internal Audit. The chairman of the ExBo actively involves the chairman of the AC with regard to the appointment, remuneration and removal of the Director of Internal Audit. Dismissal of the Director of Internal Audit is only possible after consent of the Supervisory Board. Also, a (temporary) suspension of the Director of Internal Audit requires prior consent of the Supervisory Board. Prior to this consent, the Director of Internal Audit should be heard by the Supervisory Board. The appointment of the Director of Internal Audit requires the approval of supervisors. If the Director of Internal Audit is dismissed from his or her position, this is disclosed publicly. ASN Bank also discusses without delay the reasons for such dismissal or voluntary departure with its supervisors;
- Ensure together with the Director of Internal Audit that Internal Audit has sufficient authority, standing, position, independence and direct access to the ExBo and the Supervisory Board;
- Proactively and fully inform Internal Audit on topics that impact the governance, risk management, compliance and internal controls of ASN Bank. At the moment the ExBo is aware of (potential) incidents within ASN Bank, Internal Audit is informed promptly and fully. The execution of an own investigation by the ExBo is no reason to not directly inform Internal Audit;
- Set targets for follow-up on action points and manage this process proactively.

The Director of Audit has the following responsibilities:

- To annually perform or update an overall risk analysis for all auditable entities of ASN Bank, based on a thorough understanding of the organisation's strategies, key business objectives, associated risks and risk management processes;
- To share and discuss the updated risk analysis with the Risk Management Function and Compliance Function;
- To set up a multi-year audit plan based on the updated risk analysis which takes audit signals, trends and emerging issues that could impact the organisation and requests from the Supervisory Board, ExBo, management, supervisors and the external auditor into account. The plan includes legally mandatory audits, necessary follow-up monitoring and preserves adequate resources for ad hoc assignments;
- To have the annual plan approved by the ExBo and the AC and execute the plan accordingly. Ad hoc requests are taken into account as much as possible;
- To monitor progress of audit activities and report on deviations to the ExBo and the AC on a semi-annual basis;
- To organise and provide sufficient professional resources, highly skilled, well-trained employees with adequate audit and business experience and sufficient education to be able to fulfil the requirements of this charter, by drafting and implementing a yearly education plan for the Internal Audit staff for knowledge development and to fulfil permanent educational needs;
- To make sure remuneration of Internal Audit staff is not linked to the financial performance of the businesses that are being audited or in any other way affects the independence of Internal Audit staff;
- To encourage ExBo and AC oversight in the quality assurance and improvement programme within the Internal Audit department and the external assessment of the Internal Audit department;
- To communicate with all relevant departments within ASN Bank on an optimal and transparent level and to organise and provide prompt audit reporting;

- To report at least quarterly to the ExBo and the AC on audit results and more frequently when needed on major audit findings or even directly on material audit findings that could significantly harm the bank;
- To report twice a year on Internal Audit's purpose, authority, responsibility, internal quality assurance and key performance indicators relative to its plan.
- To issue an annual management letter; dependant on choices made by the AC this can be performed jointly with the external auditor;
- To ensure an optimal working relationship with the external auditor(s);
- To ensure an optimal working relationship with the supervisors;
- To inform the ExBo and the AC on new developments, trends and best practices in the area of Internal Audit and internal controls and to propose topics to be considered in the permanent education programme for the members of the Supervisory Board;
- To support (the Chairman of) the AC.

NOCLAR regulation of NBA requires action by all individual auditors that identify incompliance with laws and regulation by ASN Bank with material consequences. It is the responsibility of the Director of Internal Audit to evaluate such findings and safeguard adequate action by management if such material incompliance would occur and escalate to the ExBo and/or the AC. Under certain circumstances as prescribed in the NOCLAR-regulation, the Director of Internal Audit must inform external parties (e.g. supervisors, law enforcement agencies) of such material incompliance.

8. Relationship with other departments

ASN Bank has set up its Risk Management and Compliance function based on the 'three lines of defence' model, as described in Risk Management policies, also defining ASN Bank's materiality definition. Internal Audit takes notice of the work as performed by the Compliance and Risk Management functions and prevents duplication of work. Where possible Internal Audit builds further on the outcome of work by the risk management function and the compliance function. However, the Director of Internal Audit remains fully accountable and responsible for adequate substantiation of audit findings and opinions. Interaction with the Risk Management and Compliance Function relates to the maintenance of a common risk taxonomy, including all relevant financial and non-financial risks, also specifically compliance with AML/CTF and other financial crime as well as environmental, social and governance risks. On (large) fraud investigations Internal Audit cooperates with Financial Crime department. Internal Audit is responsible to investigate (potential) fraud with an amount bigger than € 100.000 and/or where members of the ExBo or Directors of ASN Bank are (or might be) involved.

9. Standing invitations

Internal Audit has, as part of its monitoring and account management activities, standing invitations for all risk committees and can on demand participate in strategic programme and project steering group meetings. Internal Audit participates as a non-voting member to prevent compromising its independent position. By use of these standing invitations, Internal Audit can evaluate the effectiveness of governance, risk management and control processes in the first and second lines. Next to (un)solicited advice, Internal Audit's role is limited to timely raise risk related topics on the agenda. It is assured that a committee or steering group respects this specific position. As a non-voting member, Internal Audit is not responsible for decisions taken by a committee or steering group

and the consequences thereof. The fact that Internal Audit is present in a risk committee meeting does not imply that Internal Audit will not report findings on the issues that were not raised in that meeting by Internal Audit.

10. Relationships with external parties

Assignments for the annual audit of the financial statements are the responsibility of the AC. Communication on these assignments formally passes through the CFO as a member of the ExBo. Internal Audit fulfils a coordinating role in the appointment and monitoring of the external auditor(s) together with Finance. All assignments performed by the external auditor should be approved by Finance and Internal Audit beforehand. Internal Audit has an optimal working relationship with the external auditor(s). This includes coordinating the audit plans, sharing of audit findings, conclusions and action points. The external auditor receives all Internal Audit reports.

Internal Audit maintains open relationships with the supervisors ECB, DNB, AFM and SRB, and aligns activities as much as possible. On initiative of ECB, DNB and AFM the Director of Internal Audit meets regularly with the supervisory teams of ECB, DNB and AFM. Internal Audit's quarterly report is provided to ECB, DNB and AFM directly after clarification and discussion in the AC. The supervisors can request detailed audit reports mentioned in the quarterly report and Q&A meetings with individual auditors. The Director of Internal Audit must be informed on all contacts between supervisors and individual auditors. Requested Internal Audit reports are provided through regular procedures of the Supervisory Office but only after approval thereon by an Internal Audit Management Team member. When relevant, a representative of Internal Audit participates in meetings which are part of on-site inspections, audits or reviews performed by supervisors. The Supervisory Office makes sure Internal Audit receives all draft and final versions of the supervisory letters and reports. Reports from supervisors can result in a remedial action plan; Internal Audit should evaluate on a regular basis how committed remedial actions are progressing.

When external parties (outside ASN Bank)- such as suppliers, the Tax authority, Service Organisations- make use of Internal Audit's reports, it is essential that the recipients are explicitly informed that the Internal Audit opinion originates from an Internal Audit Function that is not fully independent from ASN Bank.