

Rules of Procedure for the Supervisory Board of ASR Bank N.V.



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maatschappij
voor alle
verzekeringen

Rules of Procedure for the Supervisory Board of ASR Bank N.V.

These RULES OF PROCEDURE ('Rules of Procedure') were adopted in the meeting of the Supervisory Board of ASR Bank N.V. ('the Company') op 3 June 2015

Introductory article. Status and substance of the Rules of Procedure

1. These Rules of Procedure are supplementary to the rules and regulations applicable to the Company under Dutch law or the Company's Articles of Association ('Articles of Association').
2. The Company applies the Social Statute, the Dutch Banking Code and the Code of Conduct as formalized in the document on future-oriented banking of the Dutch Banking Association is governed by the Dutch Banking Code as adopted by the Dutch Banking Association.
3. The Company's remuneration policy meets the relevant legal requirements, the Dutch Banking Code and the European Capital Requirement Directive IV (CRDIV), which has been elaborated in the form of guidelines by the European Banking Authority (EBA) and has been enshrined in law by De Nederlandsche Bank (DNB) in the Dutch Regulation on Sound Remuneration Policies 2014 and the Dutch Financial Undertakings (Remuneration Policy) Act.
4. The Company's Managing Board ('Managing Board') and Supervisory Board take the view that, with due observance of each of their duties and powers, they are responsible for the Company's corporate governance structure and for complying with these principles.
5. With due observance of these rules of procedure, the relevant codes and within the limits of law and the Articles of Association, the Supervisory Board will fulfil its duties as it sees fit.
6. The intention of these rules of procedures is not to repeat arrangements that have already been made in law, the Articles of Association and the aforementioned codes in relation to the duties, powers, responsibilities, composition, procedures and decision-making process of the Supervisory Board. However, for the sake of clarity, some repetition will be inevitable.
7. On 27 May 2015, the Supervisory Board unanimously declared that:
 - a) It would apply these Rules of Procedure and would be bound by their obligations;
 - b) On the appointment of new members of the Supervisory Board, it would ensure that these members make a declaration as described in paragraph a).

SUPERVISORY BOARD

Article 1. Duties and responsibilities of Supervisory Board

- 1.1 In fulfilling its duties, the Supervisory Board is guided by the interests of the Company, and in doing so it considers any qualifying interests of the Company's stakeholders. The Supervisory Board also considers aspects of corporate social responsibility relevant to the Company. The role of the Supervisory Board is to supervise the policies of the Managing Board and the general course of affairs of the Company and its business. It supports the Managing Board by providing advice. The Supervisory Board bears responsibility for the quality of its own performance. In fulfilling its duties, the Supervisory Board leads by example.
- 1.2 The powers derived by the Supervisory Board from statutes and from the Articles of Association are vested in the Supervisory Board as a single body and they are exercised under joint responsibility.
- 1.3 The duties of the Supervisory Board include:
 - a) Supervising the Managing Board, checking its work (in advance or after the fact) and advising the Managing Board on:
 - (i) achievement of the Company's objectives, (ii) the risk policy pursued, (iii) the strategy and the risks associated with the business operations, (iv) the design and effectiveness of the internal risk management and control systems, (v) the financial reporting process, (vi) compliance with rules and regulations, (vii) the relationship with the shareholder(s), and (viii) aspects of corporate social responsibility relevant to the business;
 - b) Approving the risk appetite proposals of the Managing Board;
 - c) Assessing, on an annual basis, whether the members of the Managing Board lead by example;
 - d) In partnership with the Managing Board, ensuring compliance with and maintaining the corporate governance structure and principles of the Company;
 - e) Signing the financial statements and presenting them to the Annual General Meeting of Shareholders (AGM) for adoption, and approving the annual budget and key investment decisions of the Company;
 - f) Selecting and nominating the Company's independent auditor;
 - g) Implementing and evaluating the adopted remuneration policy in respect of the members of the Managing Board. The Supervisory Board also monitors the implementation of the remuneration policy for the Company's higher management.
 - h) Selecting and nominating members of the Supervisory Board for appointment, and making proposals on their remuneration for adoption by the AGM;
 - i) Handling and deciding on any potentially conflicting interest between the Company and the Managing Board;
 - j) Handling and deciding on any reported alleged irregularities that affect the performance of members of the Managing Board;
 - k) Developing, communicating and upholding the moral, ethical and leadership standards within the Company;
 - l) Focusing on and ensuring proper checks and balances;
 - m) Assuring a robust IT infrastructure that is essential for the Company's smooth operation;
 - n) Monitoring that the Managing Board acts responsibly and that the culture throughout the Company is sound and supportive;
 - o) Monitoring that the Company's employees are and remain aware of the applicable rules, values and standards, and that they observe them.
- 1.4 Following the close of each financial year, the Company will prepare a report, and publish it as part of the annual report, on the performance and the activities of the Supervisory Board and its committees in the financial year then ended.
- 1.5 Each member of the Supervisory Board should be sufficiently available and contactable to properly perform their duties in the Supervisory Board and its committees.
- 1.6 The members of the Supervisory Board will take part in a programme of continuing education (CE) and will meet the CE requirements.
- 1.7 The members of the Supervisory Board will fulfil their duties without a mandate, independently of the subsidiary interests of the Company.

Article 2. Composition of the Supervisory Board

- 2.1 The appointment of the members of the Supervisory Board will take place in accordance with the provisions of Article 16 of the Articles of Association.
- 2.2 The Company has a Supervisory Board consisting of at least three natural persons. If the number of members of the Supervisory Board falls below three, the Board will take immediate measures to fill its ranks. The Supervisory Board will draft a profile detailing its size and composition, taking account of the Company's nature and business, and of the expertise, experience and independence called for in its members. The Supervisory Board aims for diversity in its membership in terms of age and gender, etc. The Supervisory Board will periodically evaluate the profile. The current profile of the Supervisory Board is shown in Appendix A to these rules of procedure.

- 2.3 The composition of the Supervisory Board will be such that the combinations of experience, expertise and independence of its members are in line with the profile, as set out in Appendix A, and the Supervisory Board will be best placed to properly perform its various tasks.
- 2.4 The following requirements will preferably be taken into account when composing the Supervisory Board:
- Each of the members must be capable of assessing the overall policy of the Company and its business;
 - Each of the members must match the profile in Appendix A and, through their membership of the Supervisory Board (at the time of nomination and thereafter), the Supervisory Board must be composed in accordance with Article 2.2;
 - A number of the members must possess a thorough knowledge of the financial and technical aspects of risk management or a fair amount of experience that allows them to make a sound assessment of risks, and a number of members must possess thorough knowledge of financial reporting, internal control and audit procedures, or have sufficient experience that makes robust supervision of these aspects possible (in view of the composition of the Audit & Risk Committee, see Article 4 below);
 - At least one of the members must have obtained relevant knowledge and experience in financial/accounting in an insurance setting, listed companies or other large legal entities;
 - Two of the members must be independent in the meaning of the Dutch Corporate Governance Code;
 - The Chairman of the Supervisory Board may not have previously sat on the Company's Managing Board or be a current or former managing director of one of the group companies.
- 2.5 Each member of the Supervisory Board is required to provide the Chairman of the Supervisory Board with the information needed to establish and, where applicable, to maintain their primary role and any other positions held, if and insofar as relevant for the fulfilment of their role as a member of the Supervisory Board. The Chairman will ensure that this information is published in the Supervisory Board's annual report.

Article 3. Chairman of the Supervisory Board; Secretary

- 3.1 The Supervisory Board appoints one of the members as its Chairman. The Supervisory Board may also appoint one of its other members as Vice Chairman.
- 3.2 The Chairman is responsible for the proper performance of the Supervisory Board and its committees, and is the primary point of contact on behalf of the Supervisory Board for the Managing Board and for the shareholder(s) in relation to the performance of the Managing Board and the Supervisory Board and that of their members. The Chairman will ensure that the Supervisory Board conducts its business orderly and efficiently. In that role, the Chairman is supported by the Company's Secretary. The Chairman of the Supervisory Board will ensure that:
- The members of the Supervisory Board are provided with timely and satisfactory information, as required for the proper performance of their duties;
 - Ample time is available to the Supervisory Board to seek advice, make consultations and take decisions;
 - The committees of the Supervisory Board are managed and their proper performance is monitored;
 - A CE programme is in place for the members of the Supervisory Board, aimed at maintaining and, where necessary, enhancing members' skills and expertise;
 - Each member of the Supervisory Board participates in the CE programme and that every member of the Supervisory Board fulfils the CE requirements;
 - The effectiveness of the CE programme is taken into account in the annual evaluation and assessment of the performance of the members of the Supervisory Board;
 - The Supervisory Board evaluates its own performance annually and that its performance evaluation will be conducted with the support of an external agency every three years.

Article 4. Committees

- 4.1 The Supervisory Board has an Audit & Risk Committee. The committee is composed of members of the Supervisory Board. The full Supervisory Board remains responsible for any decisions taken, even if they have been prepared by a committee.
- 4.2 The Supervisory Board will prepare rules of procedure for the committee, setting out their principles and best practices (purpose, composition, meetings, etc.) (see Appendix C).
- 4.3 The Supervisory Board will receive a report from the committee containing its deliberations and findings.

Article 5. Appointment and reappointment, periods of service and retirement

- 5.1 The members of the Supervisory Board are appointed in the manner described in the Articles of Association. A member of the Supervisory Board is required to retire no later than at the first AGM to be held after five years have passed since their appointment. The AGM may appoint a member of the Supervisory Board for a period shorter than described above. On reappointment, consideration will be given to the way in which the candidate fulfilled their duties while being a member of the Supervisory Board. The period of service of a member is not to exceed three four-year periods.
- 5.2 The Supervisory Board will prepare a retirement schedule to avoid, as far as possible, reappointments taking place at the same time. The retirement schedule is shown in Appendix B of these rules of procedure. Notwithstanding the provisions of Article 5.3, the members of the Supervisory Board will retire in accordance with the schedule.

- 5.3 Members of the Supervisory Board will retire early if their performance is found wanting, if there are structural conflicts of interest or when otherwise considered prudent in the opinion of the Supervisory Board.

Article 6. Remuneration

- 6.1 The Supervisory Board will from time to time make a proposal to the AGM on the remuneration of the Chairman and the other members of the Supervisory Board. The fees paid to the members of the Supervisory Board are not dependent on the Company's financial performance.
If members of the Supervisory Board are required to charge VAT on the fees they charge, this will be payable by the Company.
- 6.2 All reasonable expenses incurred in relation to attending meetings will be reimbursed to the members of the Supervisory Board. Any other expenses will only qualify for reimbursement, either in whole or in part, if they were incurred with the prior consent of the Chairman; the Chairman will inform the Supervisory Board on this matter on an annual basis.
- 6.3 The fees, the expense allowances and other agreed terms are adopted by the AGM.
- 6.4 The Company will take out suitable liability insurance in respect of the members of the Supervisory Board at its own expense. A copy of the applicable policy conditions will be provided at the request of the members of the Supervisory Board.

Article 7. Meetings of the Supervisory Board (agenda, meeting by teleconference, participation, minutes)

- 7.1 The Supervisory Board will meet at least two times per year and as often as deemed necessary by the Chairman or a member. The meetings will ordinarily be held at the offices of the Company, but may be held elsewhere. Meetings may be held by teleconference or video conference as long as all participating members can communicate with each other.
- 7.2 If a member of the Supervisory Board is frequently absent, the Chairman will confront the member in question and ask for an explanation. The Supervisory Board's report will state which members of the Supervisory Board were absent from the meetings.
- 7.3 Unless decided otherwise by the Supervisory Board, the meetings of the Supervisory Board will be attended by the members of the Managing Board with the exception of meetings about:
- a) The evaluation of the performance of the Supervisory Board and that of its individual members, and the related conclusions;
 - b) The evaluation of the performance of the Supervisory Board and that of its individual members, and the related conclusions.
- The independent external auditor of the Company will take part in every meeting of the Supervisory Board when the audit of the financial statements and their adoption are on the agenda. The independent external auditor will receive the financial information underlying the adoption of the half-year figures and, if applicable, quarterly figures and/or other interim financial bulletins, and will have the opportunity to respond to all information.
- 7.4 Meetings will be convened by the Managing Board on behalf of the Chairman and/or the requesting members of the Supervisory Board. Where practicable, the announcement and the agenda of the business of the meeting will be provided to the members of the Supervisory Board and the Managing Board five working days before the meeting.
- 7.5 The secretary of the meeting will prepare the minutes of the meeting. These will routinely be adopted at the next meeting. The minutes will be signed by the Chairman and the secretary as a sign of their adoption.

Article 8. Decisions of the Supervisory Board (quorum, votes, business to be discussed)

- 8.1 The Supervisory Board can take legally binding decisions at its meetings only if at least half of the members of the Supervisory Board are present or represented, with the proviso that members with a conflicting interest do not count towards the quorum. The Supervisory Board may take decisions outside its meetings if the proposal in question has been presented to all members of the Supervisory Board and none of them objects to this form of decision-making, with the proviso that members with a conflicting interest do not take part in the decision-making. The decision will be reported in the minutes of the meeting of the members of the Supervisory Board.
- 8.2 The Supervisory Board passes decisions in meetings or outside meetings by an absolute majority of the votes cast; if there is a tie in the voting, the Chairman of the meeting has the deciding vote.
- 8.3 Recurring agenda items will at least include the budget and the financial performance of the Company, important decisions requiring action by the Supervisory Board, the strategy of the Company and any changes in it, and the report of the committee of the Supervisory Board.

- 8.4 The Supervisory Board discusses the following at least once a year:
- a) The performance of the Supervisory Board and that of its individual members, and the related conclusions;
 - b) The desired profile, composition and competency of the Supervisory Board;
 - c) The performance of the Managing Board and that of its individual members, and the related conclusions;
 - d) The strategy and the risks associated with the business and the outcomes of the assessment by the Managing Board of the design and effectiveness of the internal risk management and control systems, as well as any significant changes in these. Discussions will be elaborated upon in the report of the Supervisory Board.

Article 9. Conflicting interests

- 9.1 A member of the Supervisory Board will not take part in the discussion or decision-making on an issue or transaction in which they have a direct or indirect personal interest which is in conflict with the interests of the Company or its affiliated business. If every member of the Supervisory Board has such a personal interest, the decision will be taken by the AGM. Such a transaction can be conducted only under conditions that are no more favourable than those considered customary in the industry.
- 9.2 A material conflicting interest between the Company and a member of the Supervisory Board is deemed to exist if:
- a) The Company intends to conduct a transaction with a legal entity in which a member of the Supervisory Board maintains a financial interest;
 - b) The Company intends to conduct a transaction with a legal entity of which a board member has a family relationship with a member of the Supervisory Board;
 - c) The Company intends to conduct a transaction with a legal entity in which a member of the Supervisory Board holds an executive or supervisory directorship;
 - d) The Supervisory Board has ruled that a conflict of interest exists or is considered to exist.
- However, a conflicting interest will not be considered to exist in the meaning of this article if the legal entity with which the Company intends to conduct a transaction is a group company of the Company or if the member of the Supervisory Board fulfils the executive or supervisory board position at the request of or on behalf of the Company, unless the Supervisory Board decides that this position is covered by the conflicting interest regime.
- 9.3 Each member of the Supervisory Board (except its Chairman) is required to immediately report any potentially conflicting interest to all members of the Supervisory Board. Each member of the Supervisory Board who has a (potentially) conflicting interest will provide all relevant information to the Chairman of the Supervisory Board. If the Chairman of the Supervisory Board has a (potentially) conflicting interest, he is required to report this immediately to the Vice Chairman of the Supervisory Board. The Chairman will provide all relevant information to the Vice Chairman of the Supervisory Board.

Article 10. Miscellaneous

- 10.1 The Company and its group companies within the meaning of Section 24b, Book 2 of the Netherlands Civil Code will refrain from making loans or providing guarantees or similar to a member of the Supervisory Board, unless in the normal course of business and at conditions available to all personnel.
- 10.2 Contrary to Section 383b, Book 2 of the Netherlands Civil Code, Sections 383c to 383e, Book 2 of the Netherlands Civil Code will apply.

Article 11. Confidentiality

- 11.1 Every member of the Supervisory Board is bound to observe discretion and, in the case of confidential information, confidentiality with regard to all information and documentation obtained through their membership. Members and past members of the Supervisory Board will not disclose confidential information outside the Supervisory Board or Managing Board or otherwise make it public or available to third parties unless the Company has published this information or it has been established that this information was already publicly known.
- 11.2 When sending information, the words 'highly confidential' will be used as appropriate.

Article 12. Applicable law and forum

- 12.1 These Rules of Procedure are governed by, and will be interpreted in accordance with, the laws of the Netherlands.
- 12.2 The Utrecht District Court has sole jurisdiction to hear any dispute relating to these Rules of Procedure (including disputes relating to the existence, validity and termination of these Rules of Procedure).

Appendices

Appendix A: Profile of the Supervisory Board

Appendix B: Retirement schedule of Supervisory Board

Appendix C: Rules of procedures for the Audit & Risk Committee of the Supervisory Board

APPENDIX A:

Profile of Supervisory Board of ASR Bank N.V.

The Supervisory Board is composed of members with diverse professional backgrounds, that combine a broad spectrum of experience and expertise in financial services with reputations of integrity, which are also assessed by the regulatory authorities. All members must have experience in highly responsible positions and a proven track record of well-considered business decisions. The composition of the Supervisory Board must be such that it enables members to be critical of each other, the Managing Board or any subsidiary interest. Each member of the Supervisory Board should be capable of judging the overall policy. The members of the Supervisory Board are willing and able to free up enough time for their duties and show drive and commitment. At the same time, they display professional skepticism and are independent.

In order to properly fulfil its responsibilities, the Supervisory Board must as a whole also possess the qualities set out below. Members are nominated for their potential contribution in terms of knowledge, experience and skills in one or more areas, in accordance with the Supervisory Board's needs at that time.

Banking knowledge: broad experience with and profound knowledge of the financial sector, both in technical terms (including knowledge of banking risks and, where possible, insurance risks and the techniques used to manage risks) and in terms of the key markets in which ASR Bank N.V. ('the Company') operates.

Management & organization: experience with managing a large organization operating nationally and internationally; a sound understanding of best practices in relation to general management and the development of organizations, and application of these practices in a complex and fast-evolving business environment. A feeling for sound and social human resources management and the ability to take measures to manage the Company in the absence of the Managing Board.

Leadership skills and visionary qualities: Basing decisions on known quantities, and being aware of risks, opportunities and consequences of decisions taken; drafting a realistic future projection based on experience and an understanding of internal and external developments, and communicating this vision to the organization; developing plans that determine the direction of the banking business in the Netherlands.

Financial knowledge: familiarity with reading and interpreting financial reports by financial institutions, international accounting standards (in particular, the application of these standards to financial products and the financial services sector), with accounting and consolidation processes and procedures, and with the recognition of mergers and acquisitions.

International outlook: having international experience during short or long periods of study or work in the Benelux or elsewhere, and/or previous roles at senior level that demand broad professional international contacts.

Social and political matters: familiarity with local public and political forums insofar as they can influence the business world in general and the financial sector in particular.

Crisis management: the ability and availability to operate during short or longer periods of crisis, and also the skill to take measures to govern the Company in the absence of the Managing Board.

APPENDIX B

Appointment and retirement schedule of supervisory directors of ASR Bank N.V.

	Appointment date	Reappointment date	Retirement date based on current term of service	Year of final retirement
C.H. van den Bos Chairman of SB Member of ARC	26 March 2012	24 August 2015	24 August 2019	2023
K.T.V. Bergstein Member of SB Member of ARC	26 March 2012	N/A	26 March 2016	2024
C.H. Figee Member of SB Member of ARC	2 June 1014	N/A	2 June 2018	2026
H.C. Hintzen Member of SB Member of ARC	1 January 2016	N/A	1 January 2020	2028

1 A supervisory director is reappointed or steps down at the next General Meeting of Shareholders that is held after this date at the latest.

2 Based on the option of a term of service of up to 12 years.

APPENDIX C

Rules of Procedure of the Audit & Risk Committee of the Supervisory Board

Under Article 4 of the Rules of Procedure of the Supervisory Board, these amended rules of procedure were adopted on 3 June 2015.

Composition: The Audit & Risk Committees comprise members nominated by the Supervisory Board. There are no acting members. The Audit & Risk Committee elects a Chair from its members. The Chairman's mandate is for four years. Based on the risk profile, the members are required to possess thorough knowledge of the financial and technical aspects of risk management or have a fair amount of experience that allows them to make a sound assessment of risks. From an audit perspective, the members must have in-depth knowledge of financial reporting, internal control and audit procedures, or have sufficient experience that makes robust supervision of these topics possible.

Duties: The Audit & Risk Committee advises the Supervisory Board on the subjects that form part of the remit of the Audit & Risk Committee, and prepares the decision-making of the Supervisory Board.

One of these subjects is advising the Supervisory Board on the risk appetite proposal made by the Managing Board based on the financial and non-financial risk reports. In addition, the Audit & Risk Committee advises the Supervisory Board on its supervisory role with regard to the Company's risk profile pursued by the Managing Board, and assesses (at a strategic level) whether – overall – the capital allocation and liquidity requirements are in line with the approved risk appetite and whether – overall – the operations tie in with the Company's risk appetite.

The set of responsibilities also includes in any case supervision by the Audit & Risk Committee of the Managing Board with respect to:

- a) The effectiveness of the internal risk management and control systems, including supervision of compliance with relevant rules and regulations, ethical standards and supervision of ethical business practices, including the effectiveness of the relevant codes of conduct (such as the Dutch Banking Code);
- b) The financial information provision by the Company (choice of accounting policies, application and assessment of effects of new rules, insight into the handling of accounting estimates in the financial statements, forecasts, work by internal and external auditors, etc.), and the quality of management information, such as that relating to solvency criteria, performance measurement, KPIs and yield criteria;
- c) Compliance with recommendations and follow-up of comments by internal and external auditors;
- d) The performance of the internal audit department and the compliance department; in particular the joint adoption of the working plan, budget and charter, and taking note of the reports of the deliberations and findings of these departments;
- e) The adoption of the Risk Management Charter;
- f) The policy of the Company in relation to tax planning;
- g) The relationship with the independent external auditor, in particular including (i) the assessment of the degree of independence, remuneration and any non-audit services provided to the Company, (ii) the establishment of the involvement of the independent auditor in the content and publication of the financial reports of the Company, not including the annual financial statements, and (iii) the recognition of irregularities relating to the content of the financial reports, as observed or suspected by the independent external auditor;
- h) The nomination to appoint an independent auditor by the AGM;
- i) The financing of the Company;
- j) The use of information and communication technology (ICT);
- k) The approval of the financial statements, the annual budget and the most important capital expenditures of the Company.

Independent external auditor: The Audit & Risk Committee and the Managing Board will report to the Supervisory Board at least once a year on the developments in relation to the independent external auditor, including their independence and the desirability of partner rotation within the firm of auditors performing the audit. A recommendation will also be made to the Supervisory Board on whether or not to continue the audit engagement for one or more subsequent financial years.

Meetings:

At least two ordinary meetings will be convened in a year. The Company will ensure that the role of secretary is fulfilled. The agenda and the discussion papers will be sent to the members at least five working days before the meeting. A meeting of the Audit & Risk Committee will take place at the invitation of the Chairman or at the request of one or more members of the Audit & Risk Committee. The Chairman adopts the agenda of the Audit & Risk Committee. In preparing the agenda, allowance is made for issues that the other committee members have indicated they want to see addressed in the meeting.

The Audit & Risk Committee receives all relevant reports from the internal and external auditors, the financial reports and the minutes of the Company's Risk Management Committee. The Audit & Risk Committee has access to all rooms in the building and is competent to inspect all records, correspondence and other documents. In addition, the Audit & Risk Committee has the authority to enter into a direct dialogue with the external auditor, the internal auditor and any other company officer.

The Audit & Risk Committee meets with the external auditor and the internal audit function at least once a year; if required, this meeting takes place without the members of the Managing Board being present.

Report:

The Audit & Risk Committee will report annually on its proceedings and findings, if so required.

ASR Bank N.V.

Archimedeslaan 10
3584 BA Utrecht

www.asrnl.com

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