

AUDIT COMMITTEE REGULATIONS

Approved by the Council of Regency on 8 October 2008

1. General

1.1. General duties

The audit committee performs an advisory function. Its duties are defined by Article 21bis of the Organic Law. Titles 2 to 5 below describe those duties in detail, and more particularly what is meant by the monitoring of the processes and systems mentioned.

1.2. Reporting

Once a year, the audit committee shall report to the Council of Regency on the performance of its duties.

The audit committee shall also report to the Council of Regency on all points arising from the performance of its duties which are of relevance for the approval of the annual accounts and the annual report of the Bank, and for the drafting of the accounting rules by the Council of Regency.

The Council of Regency shall consult the audit committee before approving the annual accounts. It may request the audit committee to examine specific questions on this subject and report back to it.

The audit committee shall report to the Board of Directors on all aspects relevant to the reliability of the financial information, the proper operation of internal control, risk management and the internal audit, the effectiveness of the external audit, and the independence of the auditor.

The audit committee shall draw the attention of the competent organ to aspects which it considers require action or improvement. It shall also make recommendations on the measures to be taken.

2. Monitoring of the process of preparing the financial information

2.1. Standards and rules

The audit committee shall assess the relevance and consistency of the accounting rules drawn up by the Council of Regency.

It shall examine the modifications which the Council of Regency proposes to make to the accounting rules, and express its opinion on that subject.

The audit committee shall discuss with the Board of Directors and the auditor any significant questions concerning the preparation of the financial information.

2.2. Significant and abnormal transactions

The Board of Directors shall inform the audit committee of the principles adopted for recording significant or abnormal transactions where various accounting approaches are possible.

2.3. Financial information

The audit committee shall assess the accuracy, exhaustiveness and consistency of the financial information.

In particular, it shall examine the annual accounts drawn up by the Board of Directors before they are discussed and approved by the Council of Regency.

This examination shall be based on a programme set by the audit committee and taking account of the activities of the accounting service, the internal audit service and the auditor.

3. Monitoring of the effectiveness of internal control and risk management

3.1. Periodic examinations

The audit committee shall examine periodically, in accordance with a plan which it draws up, the internal control and risk management systems set up by the various departments and services.

It shall ensure that the main risks, including the risks relating to compliance with the current legislation and rules, are correctly identified, managed and drawn to its own attention and to that of the Board of Directors.

3.2. Application to the Annual Report

The audit committee shall examine the comments contained in the Annual Report concerning internal control and risk management.

3.3. Financial or other irregularities

The audit committee shall examine the opportunities available to the Bank's staff for confidential reporting of any concerns about possible irregularities, particularly in regard to the preparation of the financial information.

4. Monitoring of the effectiveness of the internal audit process

4.1. Internal Audit Service

The Bank shall have its own independent Internal Audit Service.

The audit committee shall examine the internal audit charter and verify whether the Internal Audit Service has the resources and expertise appropriate to the nature, size and complexity of the Bank.

Where appropriate, it shall make recommendations to the Board of Directors on that subject.

4.2. Programme of work

Before the internal audit's programme of work is approved by the Board of Directors, the audit committee shall examine that programme, taking account of the complementarity with the work of the auditor.

4.3. Audit reports and recommendations

The audit committee shall examine the effectiveness of the internal audit. It shall receive the internal audit reports or a summary thereof.

It shall receive the quarterly report of the internal audit at the same time as the Board of Directors.

It shall examine the extent to which the departments and services take account of the internal audit's findings and recommendations.

4.4. Internal audit officer

At the request of the Board of Directors, the audit committee shall give its opinion concerning the profile of the internal audit officer.

5. Monitoring of the external audit process

5.1. The Bank's auditor

The audit committee shall make recommendations to the Board of Directors on the proposal for the selection, appointment and re-appointment of the auditor. It shall be informed of the tendering procedure, and in particular the selection criteria. If necessary, it shall make recommendations on this subject.

Where appropriate, the audit committee shall investigate questions leading to the dismissal of the auditor and make recommendations on the measures consequently required.

5.2. Programme of work

The auditor's programme of work shall be notified to the audit committee. The latter shall be informed in good time of any significant points revealed by the external audit process.

5.3. External audit reports and recommendations

The audit committee shall examine the effectiveness of the external audit process and ascertain to what extent the Board of Directors takes account of the recommendations made to it by the auditor in its recommendation letter.

5.4. Independence

The audit committee shall monitor the independence of the auditor in accordance with Article 21bis, § 4, of the Organic Law.

It shall, in particular, monitor the nature and extent of the services other than auditing which could be assigned to the auditor.

6. Functioning of the audit committee

6.1. General contacts

The audit committee may invite the governor, another member of the Board of Directors, a senior manager, the internal audit officer or the auditor to attend its meetings in whole or in part.

The audit committee is authorised to meet any person which it deems appropriate, without any need for a member of the Board of Directors or the Bank's senior management to be present.

6.2. Contact with the internal audit

The audit committee shall meet the internal audit officer at least twice a year.

The internal audit officer may contact the chairman of the audit committee direct and without restriction.

6.3. Contact with the auditor

The audit committee shall also meet the auditor and the internal audit officer at least twice a year to exchange opinions with them on any questions relevant to its duties, including the provisions of Article 21bis, § 3 and § 4 of the Organic Law, and on any other problem revealed by the audit process.

The auditor may contact the chairman of the audit committee direct and without restriction.

6.4. Assessment of the audit committee regulations

The audit committee shall assess its own effectiveness once a year, and if appropriate shall propose the necessary adjustments to these regulations.

6.5. Support

The audit committee may call on :

- the Secretariat Service, the entity dealing with meetings of the management organs, for administrative tasks and secretariat ;
- the internal audit service to facilitate contact with the Bank's departments and services.