

**Terms of Reference of the Financial Affairs (Audit) Committee  
of the General and Supervisory Board of Novo Banco, S.A.**

(Date of last approval: 26th September, 2024)

The Financial Affairs (Audit) Committee and the General and Supervisory Board have approved the present Terms of Reference.

**§ 1**

**Composition**

- (1) The Financial Affairs (Audit) Committee (the "**Committee**") consists of at least three members each of whom (including the **Chairman**) is elected by the General and Supervisory Board from among its members.
- (2) The Committee should include a majority of members who are independent and be chaired by an independent member (the "**Chairman**"), as defined in the Articles of Association of Novo Banco, S.A. (the "**Bank**").
- (3) A sufficient number of the members of the Committee, including the Chairman, shall have expertise and experience in financial reporting, accounting and auditing.
- (4) Members of the Committee should have independence of mind, namely being capable of raising questions, having critical discussion, making their own sound, objective and independent decisions and judgments and, if so required, expressing dissenting views and challenging proposed decisions.

**§ 2**

**Functions**

- (1) The Committee shall have the functions set out in these Terms of Reference alongside with any others provided for by applicable law or regulation.
- (2) The Committee advises and supports the General and Supervisory Board on the performance of their responsibilities over the monitoring of the effectiveness of the internal control, the risk management and the internal audit systems of Novo Banco, which will comprise the Bank and also, in accordance with applicable regulations, any other financial entity within its scope of prudential consolidation. Therefore, the matters and competences foreseen herein shall be exercised considering the Bank and the above-mentioned entities, in accordance with the applicable law and regulations and without prejudice to the responsibilities and competences of the relevant corporate bodies and committees of such entities.

- (3) The Committee advises and supports the General and Supervisory Board, in particular by:
- a) monitoring the effectiveness of the Bank's internal control and risk management systems and internal audit internal systems;
  - b) overseeing the establishment of accounting policies by the Bank;
  - c) monitoring the financial reporting process and submitting recommendations aimed at ensuring its integrity;
  - d) reviewing and monitoring the independence of the statutory auditors and the appropriateness of the provision of non-audit services to the Bank;
  - e) monitoring the statutory audit of the annual and consolidated financial statements;
  - f) establishing a process for the selection of the external statutory auditor(s) or audit firm(s) and recommending for approval by the Bank's competent body their appointment, compensation and dismissal;
  - g) reviewing the audit scope and frequency of the statutory audit of annual or consolidated accounts;
  - h) reviewing key audit reports outcomes and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and other control functions.
- (4) The Committee shall have the additional functions and responsibilities as set out in applicable mandatory law, and shall in particular:
- a) review the financial reports and the minutes of the Executive Board of Directors meetings;
  - b) ensure the Executive Board of Directors establishes and maintains a suitable, independent and effective internal control framework, especially as regards the reporting of financial and operational risks, compliance with the law, regulations and internal policies, operational efficiency and asset safety;
  - c) monitor compliance with accounting and valuation policies, review such policies at least annually and provide recommendations in relation to such activities to the Executive Board of Directors;
  - d) review and consent any proposals of the Executive Board of Directors in relation to the approval of or any material changes to accounting policies as foreseen in § 8 (1) (a) of the Terms of Reference for the General and Supervisory Board;

- e) review and make recommendations to the General and Supervisory Board regarding any proposals of the Executive Board of Directors in relation to the approval of the Bank's annual budget which are subject to the General and Supervisory Board consent as foreseen in § 8 (1) (b) of the Terms of Reference for the General and Supervisory Board;
  - f) review and consent any proposals of the Executive Board of Directors in relation to the incurrence of or agreeing to incur in new indebtedness in the amounts and under the conditions foreseen in § 8 (1) (e) of the Terms of Reference for the General and Supervisory Board, ;
  - g) approve any proposals of the Executive Board of Directors in relation to the issuance of financial instruments eligible for MREL, securitization operations and issuance of bonds for private placement;
  - h) review and consent any proposals of the Executive Board of Directors in relation to the approval on the incurrence of new capital expenditure exceeding EUR 10,000,000 as foreseen in § 8 (1) (d) of the Terms of Reference for the General and Supervisory Board;
  - i) provide its opinion and make recommendations to the General and Supervisory Board in respect of the annual, semi-annual and quarterly financial statements and the consolidated financial statements with the management report and the group management report, and the proposals of application of yearly results by the Executive Board of Directors (if applicable);
  - j) review and discuss external auditors' reports;
  - k) review the business performance of the Bank, in particular the key performance indicators of each segment of business, and make recommendations to the Executive Board of Directors following the analysis of such key performance indicators; and
  - l) oversee any other accounting or valuation matters the Committee deems relevant, or the General and Supervisory Board assigns to the Committee on an *ad hoc* basis, for the assessment and oversight of the accounting, valuation and financial situation of the Bank and making any recommendations to the Executive Board of Directors' that it deems appropriate on such matters.
- (5) In case the Executive Board of Directors decides, within its competence, not to follow or implement a recommendation made by the Committee, in the exercise

of the Committee's monitoring and review functions, in relation to the matters referred above, it shall forthwith inform the Committee accordingly and provide the grounds for not following such recommendation.

- (6) The Committee is entitled to inspect all business documentation of the Bank, including the business information stored on all systems.
- (7) The Committee, the Risk Committee and the Compliance Committee coordinate their activities and work together regularly and – if required – on an *ad hoc* basis to ensure the necessary exchange of information to capture and assess all relevant risks for the performance of their tasks. The Committee oversees reputational risks within its scope of responsibility.
- (8) In performing its tasks, the Committee may draw on all resources which it deems appropriate and appoint and engage external advisors for advice or support on related matters.

### **§ 3**

#### **Meeting procedures**

- (1) The Committee shall approve an annual calendar of meetings, which shall provide at least monthly meetings, with the exception of August, and an annual work program.
- (2) The Committee shall meet as additional times as necessary, being called upon by a resolution adopted by the Committee itself or by the Chair.
- (3) The relevant documentation for each meeting (draft agenda, presentations, reports, past meeting minutes and other supporting documentation) shall be provided to the committee members, at least 2 (two) business days in advance of the meeting date, unless such deadline cannot be met due to reasons of urgency, duly approved by the Chairman, in which case the information shall be delivered to the directors as promptly as possible.

### **§ 4**

#### **Meetings and voting**

- (1) Meetings of the Committee are convened by its Chairman or – if he/she is unavailable – by the Chairman of the General and Supervisory Board with an advance notice period of at least 14 (fourteen) days.
- (2) Unless otherwise expressly stipulated herein or in applicable law, the provisions in the Articles of Association and the Terms of Reference of the General and

Supervisory Board shall apply accordingly to the Committee.

- (3) The Committee is quorate if at least three of its members participate in the meetings.
- (4) In case of a tie vote, the Chairman has a casting vote.

## **§ 5**

### **Participation in meetings**

- (1) The Chairman of the Executive Board of Directors, Chief Financial Officer, the Head of Internal Audit and the auditor of the Bank shall attend the meetings of the Committee unless the Chairman specifies otherwise from case to case.
- (2) The Chairman may allow other persons to attend the meetings of the Committee.
- (3) The Committee shall hold a closed session with the Head of Internal Audit and with the external or statutory auditor at least once per year.

## **§ 6**

### **Right to information**

- (1) The Committee is entitled to obtain, through its Chairman, information directly from the external auditor of the Bank, the Executive Board of Directors and from senior managers of the Bank reporting directly to the Executive Board of Directors, in particular the Head of Risk, the Head of Compliance and the Head of Internal Audit.
- (2) If necessary, the Committee is also entitled to seek external advice for the exercise of its functions.

## **§ 7**

### **Representation**

The Chairman or, if he/she is unavailable, the Chairman of the General and Supervisory Board, acts on behalf of the Committee.

## **§ 8**

### **Reporting to the General and Supervisory Board**

The Chairman reports regularly to the General and Supervisory Board on the activities and resolutions of the Committee and shall provide it with any appropriate information requested by such Board.

## **§ 9**

### **Financial Statements**

- (1) The Committee supervises in preparing the audit of the annual financial statements and the consolidated financial statements with the management report and the Group management report, the proposals for application of results by the Executive Board of Directors, and the subsidiaries report, and discusses the audit reports with the statutory auditor.
- (2) The Committee discusses the half-year and quarterly financial reports with the Executive Board of Directors and the statutory auditor and further supervises the preparation of the report on the limited review of the half-year and quarterly financial statements.
- (3) The Committee prepares the decisions of the General and Supervisory Board on the establishment of the annual financial statements and on the approval of the consolidated financial statements.
- (4) The Committee discusses material changes to the audit and accounting methods.

## **§ 10**

### **Statutory Auditor (“Revisor Oficial de Contas”)**

- (1) In accordance with Article 16 of Regulation (EU) No. 537/2014, the Committee submits proposals to the General and Supervisory Board for the appointment of the auditor, which shall include at least two candidates, and prepares the proposal of the General and Supervisory Board to the General Meeting for the election of the auditor.
- (2) The Committee advises the General and Supervisory Board on issuing the audit mandate to the auditor, continuing or terminating the audit mandate, and submits proposals to the General and Supervisory Board for the auditor’s remuneration. The Committee may specify focal points for the audit.
- (3) The Committee supports the General and Supervisory Board in monitoring the independence, qualification and efficiency of the auditor, as well as the rotation of the members of the audit team. To ensure the auditor’s independence, the Committee, before submitting the proposal to the General and Supervisory Board pursuant to paragraph (1), obtains a declaration by the intended auditor on whether there are professional, financial or other relations between the audit firm,

its management bodies and chief auditors, on the one hand, and the Bank and the members of its management bodies, on the other, that could give reason to doubt the independence of the auditor, and if so, which. The declaration should also state the scale on which other services were rendered to the Bank, especially in the consulting field, in the financial year ended and/or have been contractually agreed for the following year. The declaration should also include details of the cost of the audit and of the non-audit-related services for the financial year ended.

- (4) Mandates for non-audit-related services given to the auditor or to companies to which the auditor is related in legal, economic or personnel terms need the prior consent of the Committee, in compliance with the applicable legal and regulatory framework and internal policies in force at any given time.
- (5) The Committee reviews and, if appropriate, submits to the General and Supervisory Board amendment proposals to the Bank's policy for selection and evaluation of the auditor.
- (6) The Statutory Auditor shall report to the Committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process.

## **§ 11**

### **Internal Audit, bank regulation**

- (1) The Committee shall be informed regularly about the activities of the Head of Internal Audit, the effectiveness of the internal audit system and in particular about the focal areas of its auditing activity and on the results of its audits.
- (2) The Executive Board of Directors informs the Committee about special audits, substantial complaints and other exceptional measures on the part of any supervisory authorities.
- (3) The Committee shall functionally supervise the internal audit function ("IAF") and, specifically:
  - a) Ensure the independence and effectiveness of the internal audit function;
  - b) Ensure that the internal audit function has the physical and human resources needed for the performance of its work;
  - c) Review information regarding the IAF activity, including the execution of the internal audit annual plan together with an update on any other key activities and on the status of the recommendations issued;
  - d) Review the outcome of key audit reports and ensure that senior management

- is taking necessary corrective actions in a timely manner;
- e) Review the results of any investigations conducted by the IAF as well as other activities from the IAF investigations unit;
  - f) Annually assess the performance of the IAF together with the performance of the head of internal audit;
  - g) Review and propose for approval by the General Supervisory Board the internal audit department's charter; and
  - h) Review the risk-based internal audit plan and submit it to the General Supervisory Board for approval.

## **§ 12**

### **Whistleblowing reports**

The Committee regularly obtains reports prepared by the Head of Compliance in relation to whistleblowing's communications from employees relating to alleged breaches of regulatory or internal requirements or governance arrangements ("whistleblowing"), and in relation to complaints from shareholders of the Bank and from third parties related to any alleged non-compliance, in each case as further set out in the Bank's relevant policies. In particular whistleblowing's concerning accounting, internal accounting controls, auditing and other financial reporting matters must be submitted to the Committee without undue delay.

## **§ 13**

### **Final provisions**

- (1) The matters that are not regulated in the current Terms of Reference are governed by the general provisions foreseen in the General and Supervisory Board's Terms of Reference and in the by-laws of the Bank, as applicable.
- (2) A Portuguese version of these Terms of Reference will be prepared. In the event of any discrepancy between the English and Portuguese versions, the English version shall prevail.
- (3) These Terms of Reference shall be revisited on a yearly basis. Every two years, a formal review process of these Terms of Reference shall be carried out. This formal review process shall be concluded by a resolution of the General and Supervisory Board and of the Committee approving the relevant amendments to



the Terms of Reference or concluding that no amendments are required.

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