Internal Audit Charter

Internal Audit Department

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Document review and approval

Revision history

Version	Author	Revision Date	Remarks
1	Internal Audit	21 July 2014	This document has been prepared by Internal Audit division & reviewed and updated by KPMG in terms of engagement for development of Internal Audit Methodology & Governance.
2	Internal Audit	March 2015	Updated in accordance with the most recent IPPF Standards from the IIA.
3	Internal Audit	March 2017	Updated in accordance with the most recent IPPF Standards from the IIA, 2017.
4	Internal Audit	April 2019	Updated in accordance with the recent standard and regulation number 161/2018 on 'Internal Controls, Compliance and Internal Audit' issued by the CBUAE.
5	Internal Audit	February 2021	Updated in accordance with the most recent CBUAE Corporate Governance Regulations.
6.	Internal Audit	February 2022	Internal Audit reviewed the document, and we noted no changes in the IIA standards or CBUAE regulations that require any amendments on the existing Audit charter.
7.	Internal Audit	February 2023	Internal Audit reviewed the document against IIA standards and CBUAE regulations and compared the document with other bank's published Audit Charter and did not note any changes required to the existing charter
8	Internal Audit	February 2024	Internal Audit reviewed the charter based on CBUAE regulations and enhancements recommended as a result of the External Quality Assessment conducted in 2023.
9	Internal Audit	July 2025	Internal Audit reviewed the document against the 2024 IIA Global Internal Audit Standards. Updates were made to enhance alignment with the revised IIA standards, including enhancements to the purpose statement, ethical and professional conduct expectations, objectivity safeguards, independence requirements, internal audit charter elements, reporting protocols, and the Quality Assurance and Improvement Program (QAIP).

This document has been approved by

Sr. No.	Name
1	Final Approval by the Board Audit Committee in its meeting held on 28th Jul 2025

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1. Introduction and Background

The Internal Audit Charter (hereafter referred to as 'IA Charter' or the 'Charter') of Commercial Bank International PSC (hereafter referred to as 'CBI' or the 'Bank') describes the purpose, authority and responsibility of the Internal Audit Function (hereafter referred to as 'IA Function'), consistent with the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (the Standards). This Charter establishes the internal audit activity's position within the organization. This Charter is also consistent with the following principles and regulations:

- Internal Control, Compliance and Internal Audit standard and regulation number 161/2018 dated 29 August 2018 issued by the Central Bank of UAE (CBUAE).
- Central Bank of UAE's Corporate Governance Regulations & Standards
- Basel Committee on Banking Supervision (BCBS) principles on Internal Audit Function in Banks

This Charter aims to define amongst other elements, the roles and responsibilities, authority, and reporting protocols of the IA Function.

As per CBUAE Regulations & Standards on Internal Control, Compliance & Internal Audit, the "*Internal Audit Function is an independent function that provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the Bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management protect their organization and its reputation*".

The CBI Internal Audit Division is accountable to the Board Audit Committee and the Board of Directors on all matters related to the performance of its mandate as described in this Charter.

2. Vision

The IA Function at CBI aspires to provide a world class internal audit function with the highest standards of governance and professional excellence.

3. Mission

Internal auditors must conform with the updated 2024 Global Internal Audit Standards' principles on ethics and professionalism. This includes: demonstrating integrity, maintaining objectivity, ensuring competency, exercising due professional care, and maintaining confidentiality.

To enhance and protect organizational value by providing stakeholders with risk-based, objective and reliable assurance, advice and insight.

4. Purpose

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

5. Internal Audit Objectives

The objective of Internal Audit is to assist the Board of Directors, Audit Committee and Senior Management in accomplishing their objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the bank's risk management, control, and governance processes. Internal audit can also play a consulting role on occasion, when called upon to do so, without impacting on its independence.

The objectives of the IA Function are as follows:

- Review the business activities that are carried out by the respective departments within CBI and determine whether they are in accordance with the Bank's overall strategy, objectives, policies and procedures, relevant rules and regulations, and as per Management's or CBUAE's instructions.
- Review the reliability and integrity of financial and operating information and the means used to identify measure, classify and report such information.
- Review the systems established to ensure they are in compliance with the bank's policies, procedures, applicable laws and regulations which could have significant impact on operations and help the bank in compliance with applicable laws and regulations and achieve the organization's objectives.
- Review and appraise the economy and efficiency with which resources are employed.
- Review compliance with CBI's guidelines for ethical business conduct.
- Independently and objectively review and appraise systems of control throughout the bank.
- Review, evaluate the effectiveness of risk management, control and governance processes and provide assurance to management and the Board about these processes.
- Facilitate control (or risk and control) assessment sessions and their best practices for management
- Recommend improvements after evaluating the risk management, control and governance processes that would help the bank in accomplishing its objectives.

6. Accountability

The IA Function is accountable (through the Board Audit Committee) to the Board of Directors and will:

5.1. IA shall prepare an annual audit plan. The plan will be based on a risk model that identifies business risks and will include input from line managers as appropriate. It will provide information about the risk assessment, the current order of priority of audit assignments and how they are to be carried out.

5.2. The annual audit plan for the bank shall be presented by HIA to the board audit committee for approval. In case of need, adjustments may be made to the audit plan during the year. Any significant changes that impact the risk/frequency model need to be approved by the Audit committee.

5.3. Review the business activities that are carried out by the respective departments within the organization and determine whether they are in accordance with the CBI's objectives, policies and procedures and relevant rules and regulations.

5.4. Provide a periodic assessment on the adequacy and effectiveness of the Bank's processes for controlling its activities and managing its risks.

5.5. Report significant issues related to governance, risk management and internal control processes, including improvements to those processes.

5.6. Periodically provide information on the status and results of the audit plan and the sufficiency of the internal audit resources.

5.7. Coordinate with and provide overview of other control and monitoring functions (e.g., risk management, compliance, and information security).

5.8. The above does not restrict IA from initiating any action and/or recommendation, including an unscheduled audit, where exceptions, emerging risks, process gaps, losses, near losses or other matters requiring timely preventive action, should they deem it necessary / appropriate.

5.9. Head of Internal Audit function must promptly report to the Central Bank violations of the Central Bank Law, regulations, instructions, and any Matters of Significance. Head of internal audit making such reports in good faith shall not be considered to have breached any of his obligations; and

5.10. When the Head of Internal Audit concludes that management has accepted a level of risk that may be unacceptable to the organization, the Head of Internal Audit must discuss the matter with senior management. If the Head of Internal Audit determines that the matter has not been resolved, the Head of Internal Audit must communicate the matter to the board.

5.11. Uphold the internal audit charter that articulates the purpose, standing, scope and authority of the internal audit function within the bank in a manner that promotes an effective internal audit function.

7. Independence & Objectivity

Internal auditors must avoid impairments to objectivity, including accepting assignments in areas where they had prior responsibility within the past 12 months. If advisory services were performed, a subsequent assurance engagement in the same area must be carefully assessed for conflicts. Disclosure and mitigation plans must be reported to the Audit Committee.

The Internal Auditors should be free from any conflict of interest arising either from professional

or personal relationships or other interests in CBI or related activity. In order to preserve its objectivity and independence, the Internal Audit function will have no direct operational responsibility or authority over any of the activities audited and will remain independent of the audited activities. Accordingly, IA function will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment. However, it may, if deemed appropriate by the Audit Committee, or if requested by Senior Management, review systems under development or implementation and advise on appropriate controls without prejudicing its right to subsequently audit such systems. Moreover, IA activity will have no direct operational responsibility or authority over any of the activities audited.

The internal audit activity will remain free from interference by any element in the bank, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. The HIA does not have 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. The Head of Internal Audit will disclose any such interference to the Audit Committee and discuss its implications.

To provide for the independence of the IA Function, its personnel report to the Head of Internal Audit, who must possess appropriate qualifications and is responsible for ensuring conformance with the Global Internal Audit Standards, who reports functionally to the Audit Committee and administratively to the Chief Executive Officer (CEO) which ensures that HIA has the necessary independence, as well as authority, to exercise judgement, express opinions and make recommendations. Additionally, the compensation of employees in the internal audit function must be determined independently from the performance of the bank.

Examples of functional reporting to the Audit Committee would include the Audit Committee:

- Approving the internal audit charter.
- Approving the risk based internal audit plan.
- Approving the internal audit budget and resource plan.
- Receiving communications from the Head of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approving decisions regarding the appointment and removal of the Head of Internal Audit.
- Approving the remuneration of the Head of Internal Audit; and
- Making appropriate inquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.

The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity. If the Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the Audit Committee or the appropriate.

The Head of Internal Audit will preserve independence by ensuring that the supplier has not been previously engaged in a consulting engagement in the same area with CBI, unless a reasonably long “cooling off” period has elapsed of at least one full financial year. In addition, CBI will not outsource internal audit activities to their external audit firm.

Reference Notice No. 161/2018
Internal Control, Compliance & Internal Audit, Article 4, Clause 23

8. Authority

This Charter confirms the internal audit mandate, consistent with IIA Standard 6.2. It defines the internal audit function’s role, reporting relationships, independence, scope of work, access rights, and services rendered (assurance and advisory).

As per the CBUAE Regulations, the Internal Audit Function must have full access to and communication with any member of staff, as well full and unrestricted access to records, files or data of the Bank. The IA Function is authorized to:

7.1. Carry out a program of internal audit projects/ engagements, as necessary, to meet the objectives and purpose of the function.

7.2. Have unrestricted and unconditional access to all functions, records, physical property, and personnel. This includes access to management information systems and records, as well as the agendas, papers and minutes of all committees and forums.

7.3. Have full and free access to the Audit Committee.

7.4. Request the assistance of the Audit Committee to enable the internal audit team to perform their duties properly.

7.5. Allocate resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to achieve audit objectives; and

7.6. Obtain the necessary assistance of personnel in units of the Bank where they perform audits, as well as other specialized services from within or outside the Bank.

9. Responsibility of Internal Audit Division

The Internal Audit Division has the following responsibilities:

8.1. Ensuring that the contents of this Charter are implemented within Internal Audit.

8.2. Develop a flexible audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by Management, and submit the audit plan to the Audit Committee for review and approval.

8.3. Implement the audit plan, as approved, including, as appropriate, any special tasks or projects requested by the Audit Committee / Senior Management.

8.4. Issue periodic reports to the Audit Committee and Management of the Bank, summarizing

results of audit activities.

8.5. Keep the Audit Committee informed of emerging risks / trends and leading internal audit practices; and

8.6. Ensure the staff within the internal audit function are sufficient, competent, and collectively have the appropriate experience to understand and evaluate all the business activities, support and control functions of the bank.

The IA Function will prepare a budget for the Internal Audit department and submit the same to the Audit Committee for approval on an annual basis.

10. Scope of Work

The scope of the IA activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes.

The scope of work of the IA Function is to provide reasonable assurance to the Audit Committee, the Board of Directors and Executive Management that the Bank's network of management, control and governance processes are adequate and functioning in a manner to ensure:

9.1. Risks (including emerging risks) are appropriately identified and managed.

9.2. The effectiveness and efficiency of CBI's operations.

9.3. Reliability and integrity of management and financial information processes, including the means to identify, measure, classify and report such information.

9.4. Adequacy, efficiency and alignment of internal control mechanisms and governance processes with the Bank's business.

9.5. Islamic financial services (if offered by CBI) will undergo a Shari'a compliance review at least annually by the respective department. The extend of the review is subject to CBUAE's Regulation Reference Notice No. 161/2018 Internal Control, Compliance & Internal Audit, Article 6, Clause 1.

9.6. Outsourced activities are fully in scope of IA and compliance and would follow the same risk-based approach as activities performed by the bank itself. The extend of the review is subject to CBUAE's Regulation Reference Notice No.2909/2021 Outsourcing Regulation and Standards, Article 7.

9.7. Employee's actions are in compliance with Bank's policies and procedures and applicable laws and regulations in all material aspects.

9.8. Quality and continuous improvement are fostered in the organization's control processes.

9.9. Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately; and

9.10. Resources and assets are adequately protected.

Internal Audit may advise on:

- Improved accountability and transparency of decision-making.
- Bank's policies and procedures to ensure that these are current, practical, and fit for purpose.
- Proactive advice on emerging issues / risks; and
- Perform evaluations of new or changing services, processes, operations, and controls coincident with their development, implementation and / or expansion, as appropriate or upon request of the Audit Committee / Senior Management.

The IA Function's Scope of Work is detailed as follows:

A. Audit Cycle and Plan

Risk Assessment will be conducted on a periodic basis (once every 12 months) across the business, to ensure the audit universe stays up to date.

An Audit Plan will be prepared and presented to the Audit Committee for approval on a periodic basis (once every 12 months). Minor deviations to the Audit Plan will be within the remit of the Head of Internal Audit and any significant deviations from the approved plan will be discussed with the Audit Committee. Summary of deviations to the Audit Plan will be reported to the Audit Committee on an annual basis.

Minor and Significant deviations are defined and detailed in the Internal Audit Manual.

B. Audit Universe

The audit engagements as planned are based on an 'audit universe' which identifies all auditable areas, departments, processes and activities in the Bank and ranks them according to risk. This approach aims to provide a comparison between the risk-profile of each auditable entity/ unit/ function within the Bank based on criteria such as strategic, financial, compliance, technology, and operational risk.

C. Risk-Based Internal Audit

The IA Function shall establish risk-based plans to determine the priorities of internal audit are consistent with the Bank's goals. The internal audit activity's plan of engagements shall be based on a risk assessment, undertaken on a periodic basis. The input of Senior Management and the Board is considered in this process.

The IA Function may conduct any consulting engagements/ special tasks proposed by Management, the Audit Committee, or the Board of Directors. Those engagements that have been accepted shall be included in the plan.

D. Reporting

Final audit reports must include management's action plans and any disagreements clearly documented. When management decides to accept a risk, this acceptance must be communicated by the Head of Internal Audit to the Audit Committee, as per Standard 11.5.

A written report will be prepared and issued by the Head of Internal Audit or designated personnel following the conclusion of each internal audit engagement and will be distributed as appropriate.

The internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The final internal audit report will be communicated to the Audit Committee.

E. Monitoring Progress and Follow Up

To ascertain that appropriate action is taken on reported findings, or that Management has assumed the risk of not taking the action, periodic follow up and monitoring will occur. A report of key outstanding audit issues will be presented to the Audit Committee on a periodic basis.

Please refer to the IA Follow-up Guidelines for further details.

F. Other Nature of Work

Internal audit will provide assurance services and may provide consulting and advisory services to the Bank, as appropriate, on the improvement of governance, risk management and control processes to ensure that risk is managed effectively and efficiently throughout the Bank.

11. Quality Assurance and Improvement Program (QAIP)

Performance of the internal audit function must also be measured using defined KPIs, feedback from stakeholders, and effectiveness of engagements. This is part of the department's continuous improvement effort in line with Standard 12.2.

The internal audit department maintains a Quality Assurance and Improvement Program (QAIP) that conforms with the 2024 Global Internal Audit Standards. The program includes internal and external assessments, performance measurement, and mechanisms to oversee and improve engagement-level performance. that covers all aspects of the internal audit department. The program includes an evaluation of the internal audit department's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit department and identifies opportunities for improvement. The QAIP covers both internal and external assessments.

The Head of Internal Audit will communicate to senior management and the Board Audit Committee on the internal audit department's QAIP, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside CBI.

For more details regarding periodic internal assessment, ongoing monitoring, and external assessment, please refer to Quality Assurance and Improvement Program (document reference: POL-IAD-01).

12. Responsibilities of Board or Board Audit Committee

The Audit Committee is a committee of the Board of Directors with an objective to provide independent assurance and assistance to the Board on risk management, control, governance, and external accountability responsibilities.

As per the Central Bank Regulations, the Board is responsible for ensuring that the Bank must have an independent, permanent, and effective Internal Audit Function commensurate with the size, nature of operations and complexity of its organization.

The Audit Committee will review and approve the Annual Audit Plan and will be responsible to oversee the work of the IA Function.

The oversight function of the Board Audit Committee includes reviewing and approving the Internal Audit Plan, its scope and the Budget for the Internal Audit Division. The plan should be based on a robust risk assessment (including inputs from Senior Management and the

Board) and update at least annually (or more frequently to enable an ongoing real-time assessment of where significant risks lie).

As per the regulations, the Bank should have an in-house Internal Audit Division using their own staff. However, co-sourcing of certain internal audit activities (but not the function) on a limited and targeted basis can be used to provide access to specialized expertise and knowledge for an internal audit engagement where the expertise is not available in-house, or due to resource constraints. The Board remains ultimate responsible for the Internal Audit Division, regardless of whether certain internal audit activities areco-sourced.

13. Responsibilities of Senior Management

The Senior Management are responsible for ensuring that the bank has an internal control framework that is adequate to establish a properly controlled operating environment for the conduct of its business, considering its risk profile.

Senior Management is responsible for developing an internal control framework that identifies, measures, monitors and controls all risks faced by the bank. As per the CBUAE Regulations, Senior Management must inform the Internal Audit Division of new developments, initiatives, projects, products, and operational changes and ensure that all associated risks, known and anticipated, are identified and communicated at an early stage.

The Senior Management assumes the responsibility for establishing a network of processes with the objective of facilitating smooth and efficient workflow within all functions of the bank and establishing operational controls in a manner which provides the Board of Directors reasonable assurance that:

12.1 Data and information published either internally or externally (including websites) is accurate, reliable, and timely.

12.2 The actions of Directors, Managers, and employees are in compliance with the bank's policies, standards, plans and procedures, and all relevant laws and regulations of the Central Bank of UAE and the Emirates Securities and Commodities Authority.

12.3 The Bank's resources (including its people, systems, data/information bases, and customer information) are adequately protected.

12.4 Resources are acquired and employed profitably laying special emphasis on adherence to quality and continuous improvement.

12.5 The Bank sets realistic plans, programs, goals, and objectives which are achievable.

Senior Management is *also* responsible for the oversight and implementation of the risk management framework including:

12.6 Providing full support to IA Function to assist Management in identifying gaps and major risk areas of the business.

12.7 Ensuring timely and effective resolution of internal audit recommendations.

12.8 Fostering awareness of the major aspects of risks that should be explicitly managed and accounted for; and

12.9 Informing IA Function in a timely manner of any potential or existing significant internal control matters (including any changes to the bank's overall governance framework), thefts, frauds, defalcations, unauthorized transactions, accounting breakdowns, major bad debts, etc.

Senior management must promptly notify the Central Bank of resignation of the Head of Internal Audit and the reasons thereof. Senior management must also promptly notify when they become aware of a significant deviation from their Board-approved internal audit charter

14. Managers' Responsibilities

Managers at all levels are responsible for executing the operational control established by the

Senior Management. It is their responsibility to:

13.1 Identify and evaluate the exposures to loss or other inherent risks which relate to their particular sphere of operations.

13.2 Establish policies, plans, operating standards, or other measures to minimize and mitigate the risks associated with the identified risks.

13.3 Introduce process controls whereby all employees will carry out their duties and responsibilities in a manner that achieves the five control objectives outlined (12.1 to 12.5 above) by the Senior Management.

13.4 Ensure the effectiveness of the controlling processes and foster continuous improvement to these processes.

15. The Three Lines Model

The bank's business and process units, the control functions and the internal audit function comprise '**The Three Lines'** within the bank.

First Line Roles (Business and Process Units):

- Leads and directs actions (including managing risk) and application of resources to achieve the objectives of the organization.
- Maintains a continuous dialogue with the governing body, and reports on planned, actual, and expected outcomes linked to the objectives of the organization; and risk.
- Establishes and maintains appropriate structures and processes for the management of operations and risk (including internal control). Ensures compliance with legal, regulatory, and ethical expectations.

Second Line Roles (Control Functions such as Risk Management, Compliance, Legal, Financial Control):

- Provides complementary expertise, support, monitoring, and challenge related to the management of risk, including:
  - The development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
  - The achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behavior; internal control; information and technology security; sustainability; and quality assurance.
- Provides analysis and reports on the adequacy and effectiveness of risk management (including internal control).

Third Line Roles (Internal Audit):

- Maintains primary accountability to the governing body and independence from the responsibilities of management.
- Communicates independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.
- Reports impairments to independence and objectivity to the governing body and implements safeguards as required.

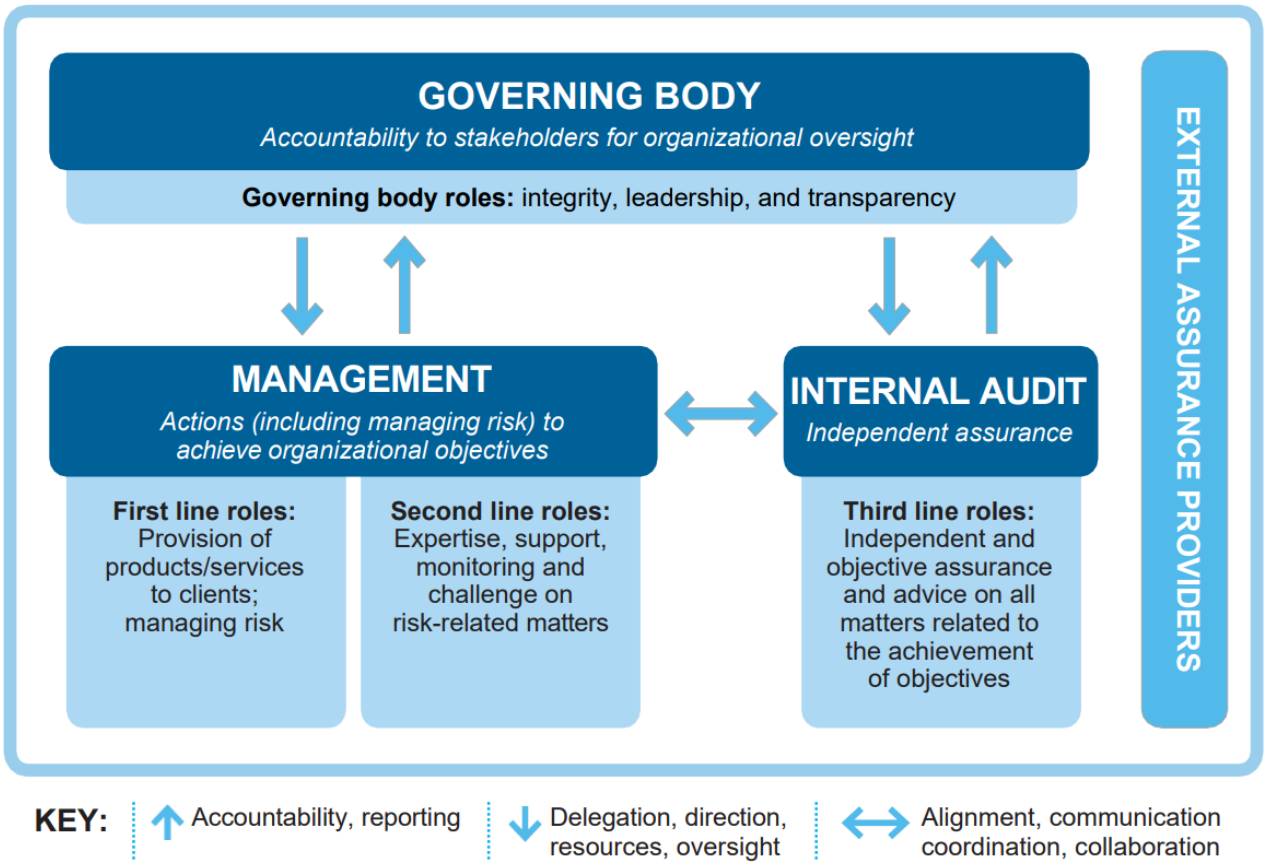
The *business and process units* are the *first line of defense* as they are expected to undertake risks within assigned limits of risk exposure and are responsible and accountable for identifying, assessing, and controlling the risks of their businesses.

The *second line of defense* includes the control functions, such as *risk management, compliance, legal, and financial control*, which ensures that the risks in the business and process units have been appropriately identified and managed.

The *third line of defense* is the *internal audit function* that independently assesses the effectiveness of the processes created in the first and second lines of defense and provides assurance on these processes as well as value added recommendations to improve the process and promote best practice. As per the Central Bank regulations, the Internal Audit Function must report to the Board or the Board Audit Committee.

As per the CBUAE Regulations, the Board of Directors and Senior Management must respect and promote the independence of the Internal Audit Division by ensuring that Internal Audit reports are provided to the Board or the Board Audit Committee without Management filtering , and that the Internal Audit Division staff have direct access to the Board or the Board Audit Committee. The Central Bank may also request the Internal Audit reports.

To clarify, the responsibility for internal control does not transfer from one line of defense to the next line.



Source: The Institute of Internal Auditors

16. Standards of Audit Practice

The internal audit function will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards. This mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

The IA Function will develop a framework, methodology and infrastructure which meets the standard of professional practice as laid out by the Institute of Internal Auditors in their Professional Practices Framework. The IA Function will also adhere to the Code of Ethics, as prescribed by the Institute of Internal Auditors.

The Board of Directors and the Audit Committee require the IA Function to act professionally and ethically in discharging its role. The IA Function will adhere to the Bank's policy and procedures and adopt best standards and practices issued by professional bodies like the IIA, ISACA, etc. as applicable in delivering audit services.

17. Fraud Risk

The identification, prevention and investigation of fraud is a Senior Management responsibility. Fraud Prevention and Investigation Unit is primarily responsible for the conduct of fraud investigations including determining employee accountability.

The IA Function can undertake or participate in the investigation of incidents involving suspected fraudulent activities when mandated by the Board of Directors, Audit Committee or requested by the CEO. Amongst other issues, such investigations will also focus on identification of control gaps/process weaknesses and make appropriate recommendations.

18. Communicating the Acceptance of Risks

When SVP – Internal Audit concludes that management has accepted a level of risk that may be unacceptable to the bank, SVP – Internal Audit must discuss the matter with senior management. If SVP – Internal Audit determines that the matter has not been resolved, SVP – Internal Audit must communicate the matter to the board.

19. Relations with Risk Management and Compliance

In line with IIA standard number 2050, internal audit reports are shared with Risk Management & Compliance as is relevant. Likewise, Risk Management and Compliance also share their reports with Internal Audit.

20. Relations with External Auditors

CBI's external auditors fulfil a statutory duty for which they are responsible to the Stakeholders. The IA Function will co-ordinate its activities with those of the external auditors, in order to obtain maximum assurance and to avoid duplication of audit effort.
The IA Function will carry out follow-ups on comments and recommendations contained in the External Audit reports.

21. Review of Charter

The Head of Internal Audit should review the Internal Audit Charter when the need arises due to regulatory requirements, changes in the global standards on Internal Auditing or at least annually and should present it to the Audit Committee for approval.

**This Internal Audit Charter should be read in conjunction with the CBI's Audit Committee Terms of Reference.*

22. Approval of Charter

The chairperson of the Board Audit Committee approves this charter. The SVP – Internal Audit and CEO concur on this charter.