



INTERNAL AUDIT CHARTER

January 2026

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1 Introduction & Authority

1.1. Purpose

The purpose of this Charter is to establish governance for the Internal Audit Department (IAD) of Ajman Bank PJSC (“the Bank”) for providing an independent and objective assurance to the Board and Senior Management. It establishes authority, independence, responsibilities, scope, and reporting lines for ensuring compliance with applicable regulatory frameworks, governance best practices, and international standards.

1.2. Regulatory Framework

This Charter is developed in accordance with:

- Global Internal Audit Standards (GIAS) issued in 2024 by the Institute of Internal Auditors (IIA), USA, effective from January 2025.
- Central Bank of the UAE (CBUAE) Corporate Governance Regulations and Corporate Governance Standards for Banks (Circular No.: 83/2019 dated 18 July 2019).
- CBUAE Internal Controls, Compliance and Internal Audit Regulation and Standards (Circular No.: 161/2018 dated 29 August 2018).
- Approval of Joint Stock Companies Governance Guide issued by Securities & Commodities Authority (SCA).
- Domains I–V of GIAS covering purpose, ethics, governance, management and engagement performance.
- Best professional practices published by Information System Audit and Control Association (ISACA).
- Dubai Financial Market (DFM) Listing Rules and disclosure requirements.
- The relevant reports and recommendations of the Basel III Framework and Basel Committee Guidance on Banking Supervision.

2 Mission & Objectives

2.1. Mission

The mission of IAD is to provide independent, objective assurance and advisory/consulting services designed to add value and improve the Bank’s controls by evaluating and enhancing the effectiveness of risk management, internal controls, compliance frameworks, and governance processes.

2.2. Core Objectives

- Evaluate the effectiveness of internal controls over financial reporting, risk management, and compliance.
- Assess governance structures and practices against regulatory and best-practice standards.
- Promote continuous improvement, accountability, and risk awareness across the Bank.
- Provide transparency and assurance to the Board of Directors (Board), Board Audit Committee (BAC), and Senior Management.

3 Independence, Objectivity, and Reporting

3.1. Functional and Administrative Reporting Lines

The Chief Internal Auditor (CIA) reports functionally to BAC and administratively to the Chief Executive Officer (CEO) of the Bank, ensuring independence from operational management.

3.2. Independence

- IAD and its staff shall be independent from the activities they audit. Internal auditors shall not assume operational responsibilities that compromise their independence.
- Any impairment to independence or objectivity shall be disclosed immediately to CIA and BAC in line with GIAS.
- Internal auditors shall neither perform operational duties nor design or implement controls they later audit.
- IAD does not have authority over operational decision-making or executive management functions.

4 Authority

IAD is authorized to:

- Have unrestricted access to all functions, records, systems, premises, information, and personnel of the Bank necessary to perform its duties.
- Obtain assistance from Bank staff and specialized resources from within or outside the Bank when required in accordance with the relevant policies/governance requirements.
- Communicate directly with BAC, the Board of Directors, senior management, external auditors, and regulators, as appropriate.

5 IAD Scope & Mandate

5.1. Assurance Services

IAD shall evaluate the adequacy and effectiveness of governance, risk management, compliance and control processes throughout the Bank, including, but not limited to, assessment of:

- Governance
 - Corporate governance structures
 - Policies, procedures, and ethical standards
- Risk Management
 - Risk Management framework
 - Credit, market, liquidity, operational and other risks
 - Stress testing and risk appetite compliance
- Internal Controls
 - Financial and management reporting controls
 - Operational controls
 - Segregation of duties and authorization controls
- Compliance including Regulatory Compliance
 - Compliance with CBUAE regulations and circulars
 - Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT), sanctions, and conduct risk controls
 - Compliance with other applicable regulatory requirements
- Information Technology
 - Information technology systems and security controls
 - Cybersecurity and data protection
 - System development and change management

5.2. Advisory Services

IAD may conduct ad hoc, special assignments, investigations, project reviews, advisory or consulting services at the request of CEO, BAC or Board, provided that:

- Such services do not impair independence or objectivity of IAD.

5.3. Coordination with External Audit

IAD coordinates with the stakeholders and external auditors to ensure efficient coverage of audit risks and controls, sharing relevant findings and work where appropriate.

6 Roles & Responsibilities

6.1. IAD is responsible for:

- Developing and maintaining a risk-based audit plan aligned with the Bank's risk profile and Board priorities.
- Submitting the audit plan and resource plan to BAC.
- Executing audit engagements in accordance with approved methodologies.
- Reporting significant audit findings, risks, and control weaknesses to BAC.
- Monitoring and reporting on management's remediation of audit findings until closure.
- Maintaining a competent Internal Audit team and adequate resources.
- Establishing and maintaining a Quality Assurance & Improvement Program (QAIP).

6.2. BAC Oversight

IAD shall ensure that BAC:

- Approves the Internal Audit Charter.
- Risk based annual audit plan.
- Approves IAD's budget and resources plan.
- Ensures IAD's independence and adequacy of resources.
- Approves appointment, removal, performance appraisal, and remuneration of CIA.
- Meets privately with CIA without management present, when required.
- Periodically evaluates overall audit activities performance and effectiveness of IAD.

7 Reporting & Communication

7.1. Internal Audit Reports

IAD shall provide:

- Quarterly reports to BAC summarizing internal audit activity, key findings, and follow-ups.

7.2. Escalation Protocol

Material control weaknesses or risk exposures and high-risk or critical issues must be escalated to BAC.

8 Quality Assurance and Improvement

IAD shall maintain a Quality Assurance and Improvement Program (QAIP), including ongoing internal quality reviews and periodic internal self-assessments. IAD shall arrange periodic external independent quality assessments at least once every five (5) years and such reports shall be submitted to BAC.

9 Confidentiality & Ethics

Internal auditors shall:

- Maintain confidentiality of information obtained during audits.
- Adhere to the IIA's GIAS.
- Avoid conflicts of interest and disclose any potential conflicts immediately.

10 Approval, Review and Amendments

- The Charter is owned by CIA.
- Amendments to this Charter shall be recommended by CIA and approved by BAC.
- This Charter shall be reviewed at least once in every three (3) years ("Review Period"), unless an earlier Review Period is specified/required under the applicable laws, regulations, and the Bank's internal policies/governance documents.
- Once approved by the BAC/Board, this Charter shall supersede all earlier versions of this Charter and shall remain in force until replaced with a renewed Charter/new Charter or cancelled/revoked by BAC/Board.

Majdi Darwish

Chief Internal Auditor (CIA)

BOARD AUDIT COMMITTEE APPROVAL

Mr. Faisal Hassan Ibrahim Galadari

Chairman of the Audit Committee

Mr. Mahmoud Al Hashmi

Mr. Ali Al Mazroui

Audit Committee Member

Audit Committee Member