

Introduction

Credit Europe Bank N.V. 'CEB' or 'the Bank' has developed an Internal Audit Policy that identifies responsibilities, reporting requirements and performance standards for the Internal Audit Department (IAD) within the Bank. This includes that IAD will prepare internal audit programs based on risk assessments to the best of their abilities to ensure continued high quality of performance. This Internal Audit Policy is communicated to all personnel within the Bank.

Policies and objectives

A. In accordance with the Regulation on Organization and Control of 'De Nederlandsche Bank' (DNB) the internal audit function is the function that is responsible for examining and evaluating the organizational arrangement and the control mechanism of CEB. CEB arranged the internal audit function in the Internal Audit Department.

B. This IAD operates independent of line management and separate from the internal control measures that are integrated in the various components of the different business processes in the organisation. The IAD operates under the direct control of Managing Board and primarily reports to the chief executive officer. Furthermore the IAD reports for oversight purposes to the Audit Committee of CEB.

C. The IAD will examine and evaluate the organizational arrangement and the control mechanism. The scope of activities of the IAD covers all activities and all divisions of the Bank, including its branches and subsidiaries. This means inter alia that (other) line independent functions (to be set up) such as the compliance function are also subject to examination and evaluation by the IAD. IAD will have free access to all activities, officers, locations and information within the bank.

D. The detected deficiencies, control failures and findings regarding the design and/or the operation of the organizational arrangement and the control mechanism are reported and discussed in writing in a timely manner to the management responsible for the (sub)process or project concerned.

E. The IAD also reports the results in writing to the Managing Board in a timely manner. The Managing Board ensures that reported deficiencies and control failures result in an appropriate rectification of the organizational arrangement and the control mechanism of CEB.

F. The IAD participates in monitoring the implementation of the rectifications and reports thereon to the Managing Board.

G. The IAD shall ensure that examination and evaluation of the activities of the line organization is performed with sufficient expertise. The IAD shall ascertain that its operations are in accordance with the Regulation on Organization and Control as well as in accordance with generally accepted internal auditing standards. In order to reach this objective Managing Board will allocate sufficient resources.

Responsibilities of IAD

A. IAD is responsible for developing an internal audit program for the Bank. This audit program will be monitored and will be subject to periodic review by the Managing Board. The program shall cover a risk assessment of all organisational activities within an appropriate time cycle. The yearly program will be approved by the Managing Board and the Audit Committee of CEB.

B. A schedule will be incorporated in the internal audit program to indicate the frequency of an area to be examined. Based on IAD's own discretion or on the request of the Managing Board and/or Audit Committee, specific assignments may take place.

C. For each area to be examined by the IAD, IAD will prepare detailed audit programs based on a risk assessment. Risks which are defined in the Regulation on Organization and Control are an important starting point.

D. Examinations and evaluations of a certain department, activity or process are recorded and filed by the IAD in a proper, systematical and organized manner, so that there is an audit trail. This includes the supporting and underlying evidence of findings, conclusions and recommendations.

E. Personnel within IAD are subject to confidentiality. Information and documentation that are regarded as 'private and confidential' are archived in a secured location. The use will be restricted to IAD personnel. Only when there's written approval by Managing Board, the required information and documentation will be given by the IAD.

F. Announcements will be made in a proper manner to department heads, for the departments, activities and processes that are to be examined and evaluated.

G. In order to operate independent from the line management, IAD will not be involved with daily operations within the line management of the bank.

H. IAD will communicate all detected relevant deficiencies, control failures and findings, conclusions and recommendations regarding the design and/or the operation of the organizational arrangement and the control mechanism with the management responsible for the (sub) process or project concerned. Comments of this management will be taken into account when a final written audit report is prepared. IAD will develop a system in qualifying the rectifications and recommendations on level of importance. The final audit report including comments will be communicated to Managing Board for approval and ratification of the rectifications and recommendations.

I. Based on Managing Board's needs, IAD will report findings and/or recommendations (periodically or ad hoc) in a structured and proper manner to them. On the other hand IAD may report results (in writing) and consult at its own discretion directly to the CEO, the Managing Board, or (the chairman of) the Audit Committee.