

# SVB UK Limited Internal Audit Charter

## I. PURPOSE

### 1.1 MISSION STATEMENT

The mission of the Internal Audit department is to provide assurance to the Audit Committee of the UK Board of Directors and senior management as to the adequacy and effectiveness of (where relevant) SVB Financial Group's and Silicon Valley Bank UK Limited (the "Bank") risk management, operational, financial and regulatory controls, and governance processes. In addition, Internal Audit remains a part of SVB Financial Group (SVBFG)'s Internal Audit function, including providing assurance to its Audit Committee of the Board of Directors and senior management. Internal Audit assists UK senior management and the UK Board of Directors by providing independent and objective assurance services designed to add value and improve the Bank operations and to protect the assets, reputation, and sustainability of the Bank.

### 1.2 AUTHORITY

Internal Audit derives its authority from the UK Board of Directors through the UK Audit Committee. Internal Audit is accountable for ensuring the confidentiality and safeguarding of records and information, and is authorised full, free, and unrestricted access to all the Bank's functions, records, physical properties, and personnel pertinent to carrying out any engagement. All employees will assist Internal Audit in fulfilling its roles and responsibilities. Internal Audit will also have free and unrestricted access to report to the UK Audit Committee, including in private meetings without management present, and the right to attend and observe all or part of UK executive committee meetings and any other key UK management decision making fora.

The UK Audit Committee authorises the UK Head of Internal Audit to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.

### 1.3 ORGANISATION & REPORTING STRUCTURE

Internal Audit is overseen by the Audit Committee of the UK Board of Directors. Both the UK Head of Internal Audit and the UK Internal Audit function report functionally to the Chair of the UK Audit Committee and administratively (i.e. day to day operations) to the UK Chief Executive Officer. Additionally, the UK Head of Internal Audit has a dotted reporting line into the SVBFG Chief Auditor.

### 1.4 INDEPENDENCE & OBJECTIVITY

Internal Audit will remain free from interference by any element in the Bank, including matters of audit selection, scope, procedures, frequency, timing, or report content. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor judgment. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Where the UK Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. If the UK Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties. The UK Head of Internal Audit will disclose to the UK Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

The UK Head of Internal Audit will confirm to the UK Audit Committee, at least annually, the organisational independence of the Internal Audit function.

## 1.5 STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). Internal Audit will also adhere to the Institute of Internal Auditors Practice Advisories, Practice Guides, and Position Papers as applicable. This guidance constitutes principles of the fundamental requirements.

Internal Audit will also adhere to the recommendations from the Chartered Institute of Internal Auditor (CIIA)'s Internal Audit Financial Services Code of Practice (IA FS Code) published in July 2013 and subsequently refreshed in 2017 and 2021.

The Internal Audit department will carry out their work in line with SVB values, by having empathy for others; speaking and acting with integrity; embracing diverse perspectives; taking responsibility; and keep learning and improving.

## II. OVERSIGHT RESPONSIBILITIES

### 2.1 UK AUDIT COMMITTEE RESPONSIBILITIES

The UK Audit Committee's oversight responsibilities with respect to Internal Audit include the following:

- Approving Internal Audit's charter at least annually (and any changes).
- Approving Internal Audit's risk assessment methodology.
- Approving the risk-based internal audit plan, on at least an annual basis, along with any significant changes throughout the year.
- Approving Internal Audit's budget and resource plan.
- Receiving regular reports and other communications from the UK Head of Internal Audit on Internal Audit's performance relative to its plan and the results of examinations and other matters as appropriate.
- Appointing and removing the UK Head of Internal Audit as necessary.
- Setting the objectives and evaluating the performance of the UK Head of Internal Audit at least annually, considering the view of the UK Chief Executive.
- Approving the remuneration of the UK Head of Internal Audit.
- Making appropriate inquiries of management and the UK Head of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The UK Head of Internal Audit will report to and interact directly with the UK Audit Committee and Board of Directors, including in executive sessions and outside of committee meetings as appropriate.

### 2.2 INTERNAL AUDIT RESPONSIBILITIES

The scope of Internal Audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Bank's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Bank's stated goals and objectives. This includes:

- Evaluating whether risks relating to achievement of the Bank's strategic objectives are appropriately identified and managed, including those related to key corporate events and outcomes of processes.
- Evaluating the reliability and integrity of information and the means used to identify, measure, analyze, classify, and report such information, including that presented to the UK Board of Directors for strategic decision making.
- Evaluating compliance with policies, procedures, laws, and regulations that could have a significant impact on the Bank.
- Evaluating the means of safeguarding assets and verifying the existence of such assets.
- Evaluating the effectiveness and efficiency in which resources are acquired and employed.
- Ensuring Internal Audit's resources collectively possesses or obtains the knowledge and competencies needed

- to meet the requirements of the internal audit charter via continuous education and staff development, and that principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Evaluating specific operations at the request of the UK Audit Committee or senior management, as appropriate.
  - Monitoring and evaluating the design and operating effectiveness of the Bank's governance, risk management, compliance, and finance processes, including:
    - the setting of, and adherence to, risk appetite.
    - risk and control culture of the Bank, including whether the processes, actions and "tone at the top" are in line with the values, ethics, risk appetite and policies of the Bank.
    - risks of poor customer treatment giving rise to conduct or reputational risk, including customer outcomes.
    - capital, liquidity, and other prudential regulatory risks
  - Exercising through informed judgement as to how much reliance could be placed on the work of the other assurance functions following a thorough evaluation of the effectiveness of that function in relation to the area under review.
  - Reporting periodically on the internal audit function's purpose, authority and responsibility, and performance relative to its plan.
  - Reporting significant risk exposures and control issues, including fraud risks, governance issues, or and other matters needed requested by the UK Audit Committee.
  - Reporting on any interference in audit work and/or communicating results, and Internal Audit's conformance with IIA's Code of Ethics and Standards and CIIA IA FS Code and action plans to address any conformance issues.
  - Reporting on any response to risk by management that may be unacceptable to the Bank.
  - Ensuring each engagement of the internal audit plan is executed and in adherence to Internal Audit's policies and procedures, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties;
  - Ensuring trends, themes and emerging issues that could impact the Bank are considered and communicated to UK senior management and the UK Audit Committee, and that successful practices in internal auditing are considered.
  - Ensuring adherence to the Bank's policies and procedures unless they conflict with the internal audit charter. Such conflicts will be resolved or otherwise communicated to UK senior management and the UK Audit Committee.
  - Ensuring conformance of Internal Audit with the Standards and CIIA IA FS Code, with the following qualifications:
    - If Internal Audit is prohibited by law or regulation from conformance with certain parts of the Standards and CIIA IA FS Code, the UK Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards and CIIA IA FS Code; and
    - If the Standards and CIIA IA FS Code are used in conjunction with requirements issued by the UK regulatory authorities, the UK Head of Internal Audit will ensure that Internal Audit conforms with the Standards and CIIA IA FS Code, even if Internal Audit also conforms with the more restrictive requirements of the UK regulatory authorities.
  - Co-operate with the Bank's statutory external auditors, including discussing potential issues and sharing information at least annually.
  - Establish and maintain an open, constructive, co-operative, and continuous relationship with the Bank's regulatory authorities, as is deemed necessary and appropriate.

Internal Audit will not perform any consulting services. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## 2.3 INTERNAL AUDIT PLAN

At least annually, the UK Head of Internal Audit will submit to the UK Audit Committee an internal audit plan for review and approval. The internal audit plan will include the entire Internal Audit budget for the next calendar year. The UK Head of Internal Audit will communicate the impact of any resource limitations and significant interim changes to the UK Audit Committee. The UK Head of Internal Audit will confirm annually to the UK Audit Committee whether Internal Audit's budget and headcount is sufficient.

The Internal Audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input from UK senior management and the Audit Committee, for which the prioritisation is updated regularly for emerging risks. The UK Head of Internal Audit will review and adjust the plan, as necessary, in response to changes in the Bank's strategy, business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to UK senior management approved by the UK Audit Committee through periodic reporting.

## 2.4 REPORTING AND MONITORING

A written report will be prepared and issued following the conclusion of each Internal Audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the UK Audit Committee.

Management's response will include a timetable for anticipated completion and an explanation for any corrective action that will not be implemented, if applicable. Reporting to the UK Audit Committee will include any corrective actions that haven't been implemented, are past due, or have been extended beyond Internal Audit's guidelines.

Internal Audit will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain open until Internal Audit has confirmed completion of corrective action.

The UK Head of Internal Audit will periodically report to the UK Audit Committee on any proposed changes to Internal Audit's purpose, authority, and responsibility. The UK Head of Internal Audit will periodically report to the UK Audit Committee on Internal Audit's performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, particularly those accepted by senior management but are detrimental to the Bank and other matters needed or requested by UK senior management and the Audit Committee. Furthermore, for such issues, the UK Head of Internal Audit will provide the UK Audit Committee with a robust root cause analysis, lessons-learned analysis and/or post-mortem review.

At least annually, the UK Head of Internal Audit will:

- Provide an assessment of the skills required to conduct the audit plan.
- Report to the UK Audit Committee on the Bank's adherence to its risk appetite.
- Provide Internal Audit's view on management's reporting on risk management of the Bank.
- Provide Internal Audit's assessment of the overall effectiveness of the governance, and risk and control framework of the Bank.

## 2.5 CO-SOURCING

The UK Head of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance service providers as needed. These co-sourced activities include the use of subject matter experts for which in-house auditors do not possess the skills or technical knowledge. Other co-sourced activities may include staff augmentation to ensure completion of the audit plan. The UK Head of Internal Audit will provide oversight and retain ownership of this work. These co-sourced activities are subject to Internal Audit's standards and Quality Assurance processes.

## 2.6 QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

Internal Audit will maintain a quality assurance and improvement programme in line with Group Internal Audit that covers all aspects of the Bank's internal audit activity. The programme will include an evaluation of Internal Audit's conformance with the Standards and CIA IA FS Code and an evaluation of whether internal auditors apply the IIA Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The UK Head of Internal Audit will communicate annually to UK senior management and the UK Audit Committee on Internal Audit function's quality assurance and improvement programme, including results of ongoing internal assessments (both ongoing and periodic) and external assessments conducted at least every five years by a qualified, independent assessor from outside the Bank.