

BANK ONE

BOARD AUDIT COMMITTEE

TERMS OF REFERENCE

Owner: Corporate Affairs

December 2018

These Terms of Reference encompass the following:

- 1. DEFINITIONS**
- 2. CONSTITUTION & PURPOSE**
- 3. COMPOSITION**
- 4. ADMINISTRATION / MEETINGS**
 - 4.1 Frequency and format of meetings
 - 4.2 Quorum
 - 4.3 Voting
 - 4.4 Reporting to the Board
- 5. RESPONSIBILITIES**

APPENDIX 1 – Members of the Committee

1. DEFINITIONS

1.1 “Bank One” / “the Bank”
Bank One Limited

1.2 “The Committee”
The Audit Committee of the Board of Bank One Limited.

2. CONSTITUTION & PURPOSE

The Audit Committee is a committee of the Board of Directors of the Bank. Its purpose is to assist the Board in fulfilling its corporate governance responsibilities in relation to oversight of the quality and integrity of financial reporting, risk management and internal control, statutory compliance and audit functions, including:

- a) The compliance of the financial statements with all applicable legal, regulatory and professional reporting requirements as well as making informed decisions regarding accounting policies, judgements, practices and disclosures;
- b) The recommendation for appointment of the company’s auditors;
- c) The scope and results of internal audit reviews and external audits; and
- d) The effectiveness of systems of risk management, internal control and compliance.

The Committee will fulfil these responsibilities primarily by carrying out the activities described in section 5. These responsibilities may be amended as required, subject to the approval of the Board.

The Board of the Bank has authorised the Committee to investigate any activity within its terms of reference. The Committee is authorised to seek any information it requires from any employee in the Bank, and all employees are expected to co-operate with any request made by the Committee.

The Committee may, in consultation with the Chairperson of the Board, and in cooperation with the Board’s Company Secretary obtain outside legal or other independent professional advice.

3. COMPOSITION

Members of the committee shall be appointed by the Board, on recommendation of the Nominations and Remuneration Committee, which shall comprise only Independent Directors, who shall not be less than 3 in number.

The members of the Committee shall have a financial background and be conversant with both the International Auditing Standards and International Financial Reporting Standards.

The chairperson of the Committee shall be appointed by the Board and shall have substantial accounting or financial experience. The chairperson of the Committee shall not be the chairperson of the Board.

In the event where the Chairperson of the Committee is not able to attend the meeting, the members present shall elect one of their number to chair the said meeting.

The current membership of the Committee is as shown in Appendix 1.

The Board will, as far as practical, review periodically the composition of the Committee annually and make any changes it deems appropriate.

The Company Secretary shall act as Secretary for the Audit Committee.

Permanent invitees will include the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Head of Internal Audit and the Engagement Partner of the appointed external audit firm. The Committee may request other persons to attend Committee meetings.

4. ADMINISTRATION / MEETINGS

4.1 Frequency of meetings

The Committee shall meet at least on a quarterly basis.

Meetings shall be organised so that attendance is maximised. The notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed, will, other than under exceptional circumstances, be forwarded to each member of the Committee not less than five working days prior to the date of the meeting.

4.2 Quorum

Two Members shall constitute a quorum.

A Member shall be deemed to be present at any meeting if he is able to hear and understand all of the proceedings of the meeting and be heard and understood by all present or deemed present by way of telephone or other suitable means of communication, and such Member indicates his willingness for the meeting to proceed on that basis.

4.3 Voting

All decisions of the Committee shall be by unanimous approval. A member present at a meeting of the Committee is presumed to have agreed to and to have voted in favour of a decision / recommendation, unless he expressly dissents from or votes against the decision / recommendation at the meeting.

The Committee may approve an urgent matter by way of email circulation. Any decision / recommendation taken in such manner would be in line with the above preceding paragraph, i.e. circular resolutions should be unanimous. Such decision / recommendation shall be formally ratified at the ensuing meeting of the Committee.

4.4 Minutes of Meetings/Reporting to the Board

The Committee secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all members of the Committee, and to other members of the Board.

The Chairperson of the Committee will report to each Board meeting of the Bank on any matters of importance, the Committee's findings and recommended actions.

Minutes of all Committee meetings shall be tabled at the subsequent Board meeting. Significant risks and internal control breakdowns shall be reported to the Risk Management Committee.

5. RESPONSIBILITIES

The responsibilities of the Committee shall include the following:

5.1 Corporate reporting

Review the Bank's quarterly interim financial reports together with related management reports and audited financial statements before they are approved by the Directors of the Bank. The Committee shall review and challenge where necessary:

1. the consistency of, and any changes to, the accounting policies on year-on year basis.
2. the methods used to account for significant or unusual transactions where different approaches are possible;
3. whether the Bank has followed appropriate standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
4. the clarity of disclosure of Bank's financial reports and context in which statements are made; and
5. all material information presented with the financial statements, such as management and discussion analysis and the corporate governance report (insofar as relates to the audit and internal control).

5.2 Internal controls

The Committee shall:

1. Monitor the effectiveness of the Bank's internal controls and risk management systems, with a view to ensuring that the main risks (include those related to fraud and compliance with existing legislation and regulations) are properly identified, managed and disclosed;
2. Ensure that the Bank complies with regulatory requirements, including prudential requirements and any other reporting obligations;
3. Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations;
4. Perform such additional duties as may be assigned to it by the Board of the Bank; and
5. Report to the Board of the Bank on the conduct of its responsibilities, with particular reference to its responsibilities under the Banking Act as regards to appointment, powers and duties of the auditors;

5.3 Internal Audit

The Committee shall:

1. monitor and review the effectiveness of the Bank's internal audit function in the context of the Bank's overall risk management system;

2. Approve the appointment and removal of the head of internal audit;
3. Approve the remuneration of the Head of Internal Audit;
4. Review and approve the internal audit charter
5. Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that the function has adequate standing and is independent from management or other restrictions;
6. Review and approve the internal audit plans;
7. review all reports on the Bank from the internal auditors;
8. review and monitor management responsiveness to the findings and recommendations of internal audit;
9. Periodically (at least twice a year) meet the Head of Internal Audit without the presence of senior management;
10. On an annual basis. review the performance of the Head of Internal Audit.
11. Review the effectiveness of the Bank's internal audit function;

5.4 External audit

The Committee shall:

1. Consider and make recommendations to the Board, in relation to the appointment, re-appointment or removal of Bank's external auditor; The Committee shall oversee the selection process for new auditors;
2. Oversee the relationship with the external auditor including (but not limited to):
3. approval of fees for audit and non-audit services
4. approval of their terms of engagement;
5. assessing annually their performance, including independence and objectivity taking into account relevant professional and regulatory requirements;
6. monitoring the auditor's compliance with relevant ethical and professional guidance on rotation of partners and other related requirements
7. assessing the qualifications, expertise and resources and effectiveness of the audit process;
8. seeking to ensure co-ordination with the activities of the internal audit function;
9. the committee shall meet the external auditor at least twice a year, without management being present, to discuss their remit and any issues arising from the audit;
10. review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement
11. review and discuss with external auditor's their findings and ensure appropriate action is taken to resolve contentious issues.
12. review the external auditor's report to management on accounting, internal control and other matters and there is an appropriate response and action taken by management;
13. review the letter of representation requested by the auditors before it is signed
14. Consider and approve any non-audit work to be provided by the audit firm that provides auditing services to the Bank to avoid possible conflicts of interest and to ensure the independence and objectivity of the audit work;

5.5 Other matters

The Committee shall:

**Board Audit Committee
Terms of Reference**

1. Satisfy itself that accounting principles, policies and practices are adequate to ensure resources are safeguarded; laws are followed; reliable data is disclosed; and internal control systems are adequate;
2. Establish and maintain policies and procedures for employees of the Bank to submit confidentially information respecting accounting, internal control, compliance, audit and any other related matters of concern to the employees. The Committee shall also have a process for ensuring that employees are aware of these policies and for dealing with matters raised by employees with it, under these policies;
3. Ensure that there is an appropriate structure in place for identifying, monitoring and managing compliance risk as well as a reporting system to advise the Committee and the Board of instances of non-compliance on a timely basis;
4. Review and recommend to the Board any services to be provided to the Bank by its shareholders under a management services contract.
5. The Audit Committee shall participate in the annual budget review process together with the Board Strategy Committee (BSC). During the review the Audit Committee members shall ensure appropriate accounting policies have been applied in preparing the budget and it has been prepared with due regard to compliance with regulatory requirements, including capital management / adequacy and other ratios. The Committee shall then recommend the budget to Board of Directors for approval.
6. Review and update its Terms of Reference and receive approval from the Board on any amendments thereto
7. Evaluate its own performance on a regular basis report to the Board accordingly.

APPROVED BY BOARD ON

5th December 2018

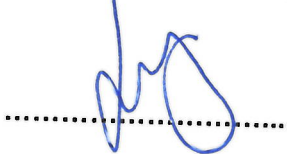
CHAIRMAN OF THE BOARD



CHAIRMAN OF THE COMMITTEE



COMPANY SECRETARY



APPENDIX 1

BOARD AUDIT COMMITTEE

The Members of this Committee, as at present date, are:

Chairman: Mr. Leonard Clement Mususa Independent Director

Members: Ms. Sandra MARTYRES Independent Director

Mr. Nikhil Treebhohun Independent Director

