

# NCB FINANCIAL GROUP LIMITED

## AUDIT COMMITTEE CHARTER

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### **Introduction**

This Charter is a component of the governance framework within which the Board of Directors of NCB Financial Group Limited (the “Company”), assisted by its committees, directs the affairs of the Company and its subsidiaries (“the Group”). While it should be interpreted in the context of all applicable laws, regulations and listing requirements, it is not intended by its own force to establish any legally binding obligations on the members of the Audit Committee or other members of the Board of Directors or to establish any rights in any stockholder or other person.

### **Purpose**

This Charter establishes the scope to which the Board of Directors of the company delegates to the Committee the due exercise of the company’s powers and assists the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, , the system of internal control, the internal and external audit processes, .

### **Scope**

This Charter applies to the NCB Financial Group Limited and its subsidiaries.

### **Definition**

Independent Director - A director who is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Audit Committee and to act in the best interest of the company and its shareholders generally.

### **Authority**

The external auditors shall report directly to the Audit Committee. The Audit Committee has full and direct access to the Company’s chief financial officer and other financial, accounting, internal audit personnel and other members of management as required by the Audit Committee.

The Audit Committee is empowered to:

- Authorise investigations into any matters within the scope of its activities.
- Recommend the appointment, compensation and oversee the work of the external auditors.
- Approve the appointment, compensation, removal, or replacement of the Group Chief Audit Executive.
- Oversee the operations of the internal audit function.
- Resolve any disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all services, other than audit of financial statements (see “External Audit” in Charter), provided by the external auditors and their affiliates.

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- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees or external parties regarding any matters within the Company's remit.
- Meet with company officers, internal auditors, external auditors, or outside counsel, as necessary.

### **Composition**

The Audit Committee shall be comprised of no fewer than three directors, each of whom will be Independent (as defined above). Each Audit Committee member shall be elected by the majority vote of the Board of Directors. Any Audit Committee member may be removed by the Board at any time, with or without cause. The quorum of the Committee shall be two Directors.

All members of the Audit Committee shall be able to read and understand fundamental financial statements, including a statement of financial position, statement of comprehensive income and statement of cash flows. At least one member of the Committee shall have past employment experience in finance or accounting, a professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

### **Meetings**

The Committee will meet at least four times a year, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting. The Committee may invite members of management, internal and external auditors, or others to attend meetings and provide pertinent information as necessary. The Committee will hold private meetings with internal and external auditors (see below). Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

### **Responsibilities**

The Committee will carry out the following responsibilities:

#### **Financial Statements**

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.

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- Review and recommend for Board approval the annual financial statements and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles.
- Review with management and the external auditors all matters required to be communicated to the Committee under International Financial Reporting Standards and International Standards on Auditing.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management, the Group Chief Audit Executive and the external auditors and recommend for Board approval before filing with regulators, considering whether they are complete and consistent with the information known to Committee members.
- Review operational data and other sections of the annual report before release and consider the accuracy and completeness of the information.
- Provide oversight to the Financial Reporting Risk Management Framework: review and recommend policies for Board approval; review the results of audits of the financial reporting processes and activities.

### **Internal Control**

- Consider the effectiveness of the company's risk management and internal control system, including information technology security and control, through review of internal and external audit reports.
- Review and discuss with the head of the NCB Financial Group Limited and the chief financial officer the organisation's internal/disclosure controls and procedures and any material control weaknesses and fraud.
- Understand the scope of the internal and external auditors' review of risk management and internal control over financial and operational reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review with management and the external auditors their respective assessments and attestation of the effectiveness of the organisation's internal controls and procedures for financial reporting.
- Ensure that senior management is taking necessary corrective actions to address the findings and recommendations of the internal and the external auditors in a timely manner.

### **Internal Audit**

- Discuss with the Group Chief Audit Executive and senior management:
  - The appropriate authority, role and responsibilities of the internal audit function;
  - Other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Review with management and the Group Chief Audit Executive and approve the charter, plans (and any subsequent significant revisions), budget, activities, staffing, and organisational structure of the internal audit function.

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- Making appropriate inquiries of senior management and the Group Chief Audit Executive to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively.
- Work with senior management to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfil the internal audit mandate.
- Review the effectiveness and efficiency of the Group Internal Audit Division, including compliance with The Institute of Internal Auditors' [Global Internal Audit Standards](#).
- Meet separately with the Group Chief Audit Executive to discuss any matters that the Committee or Internal Audit believes should be discussed privately.
- Review the performance of the Group Chief Audit Executive and make recommendation to the Board on his/her appointment, compensation and discharge.

### **External Audit**

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit.
- Review the performance of the external auditors and make recommendation to the Board of NCB Financial Group Limited on the appointment, fees, and discharge of the auditors in relation to the audit of the Company's financial statements.
- Review and approve all services to be provided by the external auditors and their affiliates, other than audit of the financial statements. To support its review, information on the fees proposed for the services to be reviewed and approved together with the aggregate fees paid to the external auditors and their affiliates for the financial year shall be supplied to the Committee.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the organisation, including non-audit services and compensation practices, and discussing the relationships with the auditors.
- Assess the external auditor's process for identifying and responding to key audit and internal control risks.
- Meet separately with the external auditors to discuss any matters that the Committee or external auditors believe should be discussed privately.

### **Compliance**

- Obtain regular updates from management and company legal counsel regarding material legal matters affecting the financial statements.
- Establish and review procedures for receipt, retention, and treatment of complaints received by the organisation regarding accounting, internal controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters. Review reports received under these procedures.

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- Review all relevant related party transactions to ensure that these are in compliance with the Related Party Transactions Policy.
- Review reports received under the Whistleblower Policy.

### **Reporting Responsibilities**

- Report to the Board of Directors quarterly about Committee activities, issues, and related recommendations through the Committee minutes and a Memorandum being presented to the Board, and the Committee Chair escalating, as necessary, any significant issues.
- Provide an open avenue of communication between Internal Audit, the external auditors, and the Board of Directors.
- Ensure there is a report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the organisation issues that relate to Committee responsibilities.

### **Other Responsibilities**

- Confirm annually to the Audit Committees of the subsidiaries within the NCB Financial Group the execution of responsibilities on their behalf
- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee Charter annually, requesting Board approval for proposed changes.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct external or internal audits or to determine that the Company's and Group's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards. These are the responsibilities of management, the external auditors, and the internal auditors. Nor is it the duty of the Audit Committee to conduct investigations, or to assure compliance with laws and regulations and the Company's Code of Conduct. The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements that accurately and fairly present the Company's and the Group's financial results and condition, the responsibilities of the external auditors relating to the audit or review of financial statements, or the responsibilities of the internal auditors in relation to the conducting of internal audits. In carrying out its oversight responsibilities, the Audit Committee is not providing any expert or special assurance as to the accuracy of the Company's or Group's financial statements or any professional certification as to the external auditor's work.