

JAIZ BANK PLC

BOARD AUDIT COMMITTEE CHARTER

VERSION II

CHAIRMAN BOARD OF DIRECTORS	SECRETARY	REVIEW DATE:

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INTRODUCTION

This Charter governs the work scope and principles governing the operations of the Board Audit Committee of Jaiz Bank Plc. ("The Committee").

I. OBJECTIVE

The Board Audit Committee (the "Committee") comprise of at least three (3) Board members appointed by the Board of Directors (the "Board") of Jaiz Bank (the "Bank"), to assist the Board in fulfilling its oversight responsibilities with respect to ensuring the adequacy and efficacy of the Bank's internal control system and, integrity of the Bank's financial reporting, and entrenching a culture of compliance with regulations, policies, and good Corporate Governance.

The Committee acknowledges the corporate governance guidelines issued by the Central Bank of Nigeria, the Security and Exchange Commission, and other relevant regulatory provisions as they pertain to the foregoing objectives.

2. COMPOSITION

- 2.1 The Committee shall consist of at least three (3) non-executive directors, appointed by the Board, one of which shall be an Independent Director. The Independent Director shall chair the meetings of the Committee. The Board shall consider the independence, expertise, entrepreneurial skills and other qualifications of prospective members of the Committee before nominating and appointing them. *All the members of the Committee shall be financially literate with at least one member being a financial expert.*

The appointment and removal of the Board Members on the Committee shall be the responsibility of the Board.

Attending meetings by standing invitation are the Bank's Managing Director, Finance Director, Chief Compliance Officer, and Chief Internal Auditor or their nominees (subject to prior clearance by the Chairman). Any director, officer or employee of the Bank, external risk advisor and other relevant or expert person may be invited to attend all or part of any meeting by the Committee Chairman.

- 2.2 The Company Secretary of the Bank, or their nominee, shall act as Secretary of the Committee.

3. MEETINGS AND MINUTES

- 3.1 The Committee shall meet as often as necessary but not less than once in a quarter to carry out its responsibilities.
- 3.2 A meeting may be called by the Chairman of the Committee, or any member of the Committee.
- 3.3 A notice of time and place of every meeting of the Committee shall be given in writing to each member of the Committee at least two weeks prior to the time fixed for such meeting, with the exception of emergency meetings which shall require at least 3 days' notice unless waived by all members entitled to attend.
- 3.4 Attendance of a member of the Committee at a meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- 3.5 A quorum for meetings of the Committee shall require at least simple majority of the voting members of the Committee.
- 3.6 If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting will be chosen to preside by a majority of the members of the Committee present at that meeting.
- 3.7 . At least once in a year, the committee should hold a discussion with the head of the internal audit function and the external auditors without the presence of management, to facilitate an exchange of views and concerns that may not be appropriate for open discussion.
- 3.8 Decisions of the Committee shall be determined by consensus.
- 3.9 The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings.
- 3.10 Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee.
- 3.11 All information reviewed and discussed by the Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chairman of the Committee.
- 3.12 A resolution approved in writing by the members of the Committee shall be valid and effective as if it had been passed at a duly called meeting.
- 3.13 Such resolution shall be filed with the minutes of the proceedings of the Committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

3.14 The Committee, subject to the Board's approval, shall continuously review and modify its terms of reference with regard to, and to reflect changes in, the business environment, industry standards on matters of corporate governance, additional standards which the Committee believes may be applicable to the Bank's business and the application of laws and policies.

4. RESPONSIBILITIES

Subject to the detailed requirements of relevant regulations, the Committee shall:

- 4.1 Develop and keep under review the Bank's accounting policies in order to ensure that they are in consonance with the applicable Accounting Standards;
- 4.2 Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;
- 4.3 Ensure the establishment of and exercise oversight on the internal audit function which provides assurance on the effectiveness of the internal controls. On a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including identification of any issue or recommendation for improvement raised through the most recent internal audit review of the Company;
- 4.4 Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;
- 4.5 Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- 4.6 Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
- 4.7 Maintain oversight of financial and non-financial reporting.
- 4.8 Review and ensure that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarised and presented to the board;
- 4.9 Review, with the external auditors, any audit scope limitations or significant matters encountered and management's responses to same;
- 4.10 Develop a policy on the nature, extent and terms under which the external auditors may perform non-audit services;

- 4.11 Review the independence of the external auditors in line with the policy referred to above prior to their appointment to perform non-audit services to ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest, or other legal or ethical impediment;
- 4.12 Preserve auditor independence, by setting clear hiring policies for employees or former employees of external auditors;
- 4.13 Ensure the development of a Related Party Transactions policy and monitor its implementation by management.
- 4.14 The Committee should consider any related party transaction that may arise within the Company.
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5. AUTHORITY

The Committee has the authority of the Board to:

- 5.1 Investigate any activity within its terms of reference.
- 5.2 Have direct access to such officers and employees of the Bank and to any other consultants or advisors, and to such information respecting the Bank it considers necessary to perform its duties and responsibilities.
- 5.3 Form and delegate authority to sub-committees, comprised of one or more members of the Committee as necessary or appropriate. The sub-committee will have the full power and authority of the Committee.

6. REMUNERATION OF MEMBERS OF THE COMMITTEE

The members of the Committee shall be entitled to sitting allowance, reimbursable travel and hotel expenses as approved by the Board.

7. MISCELLANEOUS

- 7.1 The Committee shall undertake an annual review of these terms of reference and recommend any changes needed to the Board of Directors its for approval.