



Charter – Audit & Compliance Committee



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Audit & Compliance Committee Charter

1. Membership

- 1.1 The Audit and Compliance Committee of BanyanTree Bank Limited (BTB) shall comprise three independent non-executive directors, appointed by the Board of BTB, on the recommendation of the Nomination and Remuneration Committee.
- 1.2 Members of the Committee should preferably have financial background and be conversant with both International Auditing Standards and International Financial Reporting Standards.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, the External Auditor, Internal Auditor and the Head of Compliance will be invited to attend meetings of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 The Board shall appoint the Committee Chairperson. In the absence of the Committee Chairperson, the remaining members present shall elect one of themselves to chair the meeting.
- 1.5 The Chairperson of the Board shall not be the Chairperson of the Committee.

2. Secretary

- 2.1 The Company Secretary or a nominee of the Company Secretary shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least once every quarter.
- 4.2 The Committee shall meet the External Auditor and the Internal Auditor, separately, at every meeting to discuss any matters that the Committee or the auditors believe should be discussed in confidence.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairperson.
- 5.2 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairperson it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chairperson will, if requested by the Company Secretary, attend the annual general meeting to answer any shareholder questions on the Committee's activities.

8. Duties

8.1 Financial Statements

- 8.1.1 Review the audited financial statements of BTB for adequacy before they are approved by the Board.
- 8.1.2 Discuss with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. This should include
 - 8.1.2.1 Key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures.
 - 8.1.2.2 Changes in audit scope.
 - 8.1.2.3 Whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range.
 - 8.1.2.4 Internal control deficiencies identified during the course of the audit.

8.2 Accounting and Internal Controls

- 8.2.1 Assess whether the accounting practices of BTB are appropriate and within the bounds of acceptable practice.
- 8.2.2 Assess whether BTB has implemented adequate internal control and financial disclosure procedures.
- 8.2.3 Ensure that Management is taking appropriate corrective action in response to deficiencies identified by the Regulator following examinations and the auditors, including internal control weaknesses and instances of non-compliance with laws and policies.

8.3 Compliance, Whistleblowing & Fraud

- 8.3.1 Review the adequacy and security of the Bank's arrangements for its employees and any contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee will ensure

that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

- 8.3.2 Review the Bank's procedures for detecting fraud;
- 8.3.3 Review the Bank's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 8.3.4 Approve work plan of compliance officer and review regular reports from the Compliance Officer.
- 8.3.5 Keep under review the adequacy and effectiveness of the Bank's compliance function
- 8.3.6 Review significant transactions not directly related to the Bank's normal business as the committee might deem appropriate; and
- 8.3.7 Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Bank.

8.4 Internal & External Auditors

- 8.4.1 Recommend to shareholders the appointment, removal, and remuneration of external auditors and also approve the Engagement Letter setting out the scope and terms of external audit.
- 8.4.2 Assess periodically the skills, resources, and independence of the external audit firm and its practices for quality control.
- 8.4.3 Approve the external and internal audit plans to ensure that these are risk-based and address all activities over a measurable cycle, and that the work of the external and internal auditors is coordinated.
- 8.4.4 Approve provision of any non-audit services by the external audit firm.
- 8.4.5 Approve the remuneration of the Internal Auditor.

9. Reporting Responsibilities

9.1 The committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report should include:

- 9.1.1 The significant issues that it considered in relation to the financial statements and how these were addressed;
- 9.1.2 Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
- 9.1.3 Any other issues on which the Board has requested the Committee's opinion.

9.2 The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The committee shall compile a report on its activities to be included in the Bank's annual report. The report should include an explanation of how the committee has addressed

the effectiveness of the external audit process; the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor. In compiling the report, the committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Bank is a going concern.

10. Other Matters

The Committee shall:

- 10.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties.
- 10.2 Have access to sufficient resources in order to carry out its duties, including access to the Bank's secretariat for assistance as required.
- 10.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.4 Give due consideration to laws and regulations/guidelines, the principles of The National Code of Corporate Governance for Mauritius and any other applicable rules, as appropriate.
- 10.5 Arrange for periodic reviews of its own performance and, at least annually, review its charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

11. Authority

The committee is authorized to:

- 11.1 Seek any information it requires from any employee of the Bank in order to perform its duties;
- 11.2 Obtain, at the Bank's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 11.3 Call any employee to be questioned at a meeting of the committee as and when required; and
- 11.4 Have the right to publish in the Bank's annual report, details of any issues that cannot be resolved between the committee and the Board

This charter was last reviewed and approved by the Board on December 2nd, 2017.

End of Charter