

# **MauBank Ltd**

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## **Audit Committee**

### **Charter and Terms of Reference - September 2025**

*(Approved by the Board of Directors on 12 September 2025)*

## Audit Committee Charter & Terms of Reference

*Reference to “the Committee” shall mean the Audit Committee of MauBank Ltd (the “Bank”). Reference to “the Board” shall mean the Board of Directors of the Bank.*

### *Purpose and Authority*

*The Audit Committee is established to assist the Board of Directors in fulfilling its oversight responsibilities related to financial reporting, internal controls, risk management, compliance, and internal and external audits. The committee ensures the integrity of financial statements, the effectiveness of internal controls, and adherence to regulatory requirements, in line with Bank of Mauritius Guideline on Corporate Governance and the National Code of Corporate Governance for Mauritius (2016).*

*The Audit Committee shall be authorized to:*

- Access all financial records, policies, and procedures of the bank.*
- Engage independent advisors, auditors, and consultants as necessary.*
- Conduct investigations into any financial, compliance, or risk-related matters.*
- Communicate directly with the internal and external auditors, management, and regulators.*
- Request any information from management or external parties as required to fulfill its duties.*
- Ensure adequate resources and training are available for members to effectively discharge their responsibilities.*

## 1. Membership

- 1.1. Members of the Committee shall be appointed by the Board and serve a term as determined by the Board and shall be made up of at **least three [3] members**, who shall comprise only of **independent non-executive directors**.
- 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. Appointments to the Committee shall be for such period as determined by the Board and may be extended as the Board thinks fit.
- 1.4. The Board shall appoint the Committee Chairperson who shall be an independent non-executive director other than the Chairman of the Board. In the absence of the Committee Chairman, the remaining members present shall elect one of the members to chair the meeting.
- 1.5. Audit Committee members should avoid concurrent membership in the Board Investment and Credit Committee (BICC) and the Board Risk Management Committee (BRMC) to maintain independence and prevent conflict of interest, but exceptions may be made with safeguards if the Board's composition imposes constraints.
- 1.6. The Chairperson of the Board, the CEO/Executive director shall not be eligible to be appointed as Chairperson or member of the Committee.

- 1.7. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.
- 1.8. Membership to the Audit Committee shall be for an indeterminate period contingent upon the member maintaining his/her independent status or unless otherwise removed by the Board.
- 1.9. The committee shall ensure its members undergo ongoing training to stay updated on governance, regulatory, and financial reporting developments.

## **2. Meeting Attendance**

- 2.1. The Chief Executive Officer and the Head of Internal Audit shall be invited to attend the Committee meetings as standing invitees. The Chief Risk Officer, Chief Financial Officer and Head (or Officer-In Charge) of Compliance, or other persons from the Bank may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.2. The External Auditors of the Company may be invited to attend Audit Committee meetings.
- 2.3. The Audit Committee shall have private meetings with the Head of Internal Audit and external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from their audit.

## **3. Secretary**

- 3.1. The Company Secretary or someone else nominated by the Board shall act as the Secretary to the Committee.

## **4. Quorum**

- 4.1. The quorum necessary for the transaction of business shall be by a majority of the members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5. Frequency of Meetings**

- 5.1. The Committee shall meet: -
  - (i) at least on a quarterly basis; or
  - (ii) at the request of the Chairman of the Committee or the Board.
- 5.2. A resolution in writing, circulated and approved by all the members shall be as valid and effectual as if it has been passed at a Committee meeting duly called and constituted.

## **6. Notice of Meetings**

- 6.1. Meetings of the Committee shall be convened by the Company Secretary or the designate of the Committee at the request of the Chairman of the Committee. The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall, subject to paragraph 6.2, be forwarded to each member of the Committee with at least 3 working days' notice.
- 6.2. The minimum notice period required to convene meetings of the Committee under paragraph 6.1 may be waived, where all the members entitled to receive notice of meetings agree to the waiver.

## **7. Minutes of Meetings**

- 7.1. The Company Secretary, and/or the designate minutes taker/s, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance;
- 7.2. The draft minutes of Committee meetings shall be referred to the Committee Chairperson for review;
- 7.3. The draft minutes of the Committee meetings shall thereafter be circulated to members of the Committee for approval at the next Committee meeting;
- 7.4. Minutes of the Committee meetings shall be reported to the Board at its next meeting to allow other directors to be informed and seek clarifications, if they so desire.

## **8. Duties and Responsibilities**

### **8.1. The Duties of the Committee shall be to:**

- 8.1.1. approve the risk-based audit plans of the internal and external auditors which shall address all activities over a measurable cycle and ensure that the work of external and internal auditors is coordinated.
- 8.1.2. approve the annual risk-based Compliance programme of the Compliance Function
- 8.1.3. recommend to shareholders, through the Board, the appointment, re-appointment, removal, and remuneration of external auditors. It should approve the engagement letter setting out the scope and terms of external audit.
- 8.1.4. approve the remuneration of the Head of Internal Audit.
- 8.1.5. assess periodically the skills, resources, and independence of the external audit firm and its practices for quality control.
- 8.1.6. assess whether the accounting practices of the auditee are appropriate and within the bounds of acceptable practice.

- 8.1.7. ensure that there is 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.
- 8.1.8. Encourage consultation between internal and external auditors.
- 8.1.9. 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:
  - (a) key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures;
  - (b) changes in audit scope;
  - (c) whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
  - (d) significant or unusual transactions; and
  - (e) internal control deficiencies identified during the course of the audit.

## **8.2. Responsibilities of the Committee include:**

### **A. Financial Statements**

- 8.2.1. Examine and review the quality and integrity of the financial statements of the Bank, including its annual and half-yearly reports, interim reports and any other formal announcement relating to the Bank's financial performance, before their approval by the Board;
- 8.2.2. Review and report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the committee by the auditor. In particular, the committee shall review and challenge where necessary on;
  - The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/group;
  - Compliance with accounting standards, local and international, compliance, with stock exchange and legal requirements;
  - The methods used to account for significant or unusual transactions where different approaches are possible;
  - Significant adjustments resulting from the audit;
  - Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;

- The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
- All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management;
- Where the committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board;
- The basis on which the Bank has been determined a going concern;
- Capital adequacy and internal controls;
- Compliance with the financial conditions of any loan covenants; and
- Reviewing special documents (such as prospectuses).

#### 8.2.3. Narrative reporting

Where requested by the Board, the committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders and other stakeholders to assess the Company's performance, business model and strategy.

### **B. Internal Controls and Risk Management Systems**

- 8.2.4. Keep under review the adequacy and effectiveness of the Bank's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- 8.2.5. Review any transactions brought to its attention by auditors or any officers of the Bank, or that might otherwise come to its attention, which might adversely affect the financial condition of the Bank;
- 8.2.6. Report to the Board on the conduct of its responsibilities in frequency specified by the board, with particular reference to section 39 of the Banking Act 2004;
- 8.2.7. Ensure that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.
- 8.2.8. In respect of AML/CFT matters reported to the Committee, follow up in a consistent manner to ensure that corrective actions are implemented in a timely manner on the deficiencies noted during the audit performed by the Internal Audit Function, including any breaches of policy or procedure, regulatory or legislative requirement in line with s.5.37 of the Bank of Mauritius Guideline on AML/CFT.

### **C. Internal audit**

- 8.2.9. Communicate with the Head of Internal Audit to understand how the internal audit function is fulfilling its mandate.
- 8.2.10. Communicate to the board's perspective on the organisation's strategies, objectives and risks to assist the Head of Internal Audit with determining internal audit priorities.
- 8.2.11. Set expectations with the Head of internal audit for the frequency with which the committee wants to receive communications from the Head of Internal audit.
- 8.2.12. Set criteria for determining which issues should be escalated to the committee, such as significant risks that exceed the board's risk tolerance or any other matter of importance to the Board. An escalation process needs to be set.
- 8.2.13. The process for escalating matters of importance to the committee.
- 8.2.14. Approve the appointment or termination of appointment of the Head of Internal Audit;
- 8.2.15. Review and approve the charter of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 8.2.16. Ensure the Head of Internal Audit has direct access to the Board Chairperson and to the Audit Committee Chairperson, and is accountable to the Audit committee;
- 8.2.17. Ensure that the Head of Internal Audit attend and report at all Audit Committee meetings;
- 8.2.18. Review and assess the annual internal audit work plan;
- 8.2.19. Receive a report on the results of the internal auditor's work on a periodic basis;
- 8.2.20. Review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- 8.2.21. Gain an understanding of the effectiveness of the organization's governance, risk management, and control processes based on the results of internal audit engagements and discussions with senior management.
- 8.2.22. Meet with the Head of Internal Audit at least once a year without the presence of management;
- 8.2.23. Discuss with Head of Internal Audit on disagreements with senior management or other stakeholders and provide support as necessary to enable the Head of Internal Audit to perform the responsibilities outlined in the internal audit mandate.
- 8.2.24. Monitor and review the effectiveness of the Bank's internal audit function, in the context of the Bank's overall risk management system;

- 8.2.25. Ensure that the internal audit function is staffed with persons holding the relevant qualifications from recognised professional bodies (e.g the Institute of Internal Auditors 'IIA' or ACCA)
- 8.2.26. Safeguard the Bank's assets against unauthorised use or disposal;
- 8.2.27. Direct and supervise investigations into matters within its scope, for example, evaluations of the effectiveness of the Bank's internal control, cases of employee fraud, misconduct or conflict of interest.

#### **D. External Audit**

- 8.2.28. Give prior approval to any non-audit services being provided by the External Auditor of the Bank while ensuring that the non-audit work does not entail any conflict with the audit work.
- 8.2.29. Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 8.2.30. Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- 8.2.31. Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business) which could adversely affect the external auditor 's independence and objectivity;
- 8.2.32. Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the organization compared to the overall fee income of the firm, office and partner and other related requirements;
- 8.2.33. Assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 8.2.34. Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the external auditor's remit and any issues arising from the external audit.
- 8.2.35. Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- 8.2.36. Consider whether any significant ventures, investments or operations are not subject to external audit.
- 8.2.37. Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.

- 8.2.38. Review the findings of the audit with the external auditor. This shall include but not be limited to the following:
- A discussion of any major issues which arose during the external audit;
  - Key accounting and audit judgements;
  - Levels of errors identified during the audit; and
  - The effectiveness of the audit process.
- 8.2.39. Review any representation letter(s) requested by the external auditor before they are signed by management.
- 8.2.40. Review the management letter and management's response to the auditor's findings and recommendations.
- 8.2.41. Develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

#### **E. Compliance, Whistleblowing and Fraud**

- 8.2.42. Review the adequacy and security of the Bank's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 8.2.43. Review the Company's procedures for detecting fraud;
- 8.2.44. Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 8.2.45. Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Company's compliance function;
- 8.2.46. Review significant transactions not directly related to the Bank's normal business as the committee might deem appropriate; and
- 8.2.47. Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Bank.

#### **F. Business Conduct**

- 8.2.48. Monitor the implementation of the Bank's Code of Conduct and Ethics;
- 8.2.49. Review any statements on business conduct and ethical standards or requirements for the Bank and assisting in developing such standards and requirements;
- 8.2.50. Ensure compliance with the requirements of the articles of association; laws and regulations of any other applicable statute and of controlling bodies;

8.2.51. Identify any violations of ethical conduct; and

8.2.52. Give recommendations on any potential conflict of interest or questionable situations of a material nature.

## **9. Reporting Responsibilities**

9.1. The Committee Chairman shall report to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.

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.

## **10. Other**

10.1. The Committee shall review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval, at least once every three years.

## **11. Authority**

11.1. The Committee is authorised to seek any information it requires from any employee of the Bank in order to perform its duties.

11.2. The Committee is authorised to obtain outside legal or other professional advice on any matters within its terms of reference, at the Bank's expense and submit for notification / ratification / approval of the Board as and when required.

**===== END =====**