

MauBank Ltd

Audit Committee

Terms of Reference - March 2024

(Approved by the Board of Directors on 25 April 2024)

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.

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board and shall be made up of at **least three [3] members**, who shall comprise only of **independent 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 Chairman who shall be an independent 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.

2. Attendance

- 2.1. The Chief Executive Officer and the Head of Internal Audit shall be invited to attend the Committee meetings. The 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 Committee meetings.

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, 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 Chairman 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

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, removal, and remuneration of external auditors. It should also 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. 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. Further responsibilities of the Committee include:

- 8.2.1. review of the audited financial statements before their approval by the Board;
 - 8.2.2. assessment of whether the Bank has implemented adequate internal control and financial disclosure procedures;
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- 8.2.3. review of 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;
- 8.2.4. 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;
- 8.2.5. 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.
- 8.2.6. 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.
- 8.2.7. giving 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.

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.

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