

# Audit Committee Charter

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## 1. Objectives

The Audit Committee (“AC”) has been established to assist the Board in the discharge of its duties relating to the overall control aspects of MCB Group Limited (MCBG) and its subsidiaries (collectively the “Group”), including the safeguarding of assets, the monitoring of internal control processes, and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

This Charter is posted on the organisation’s website.

## 2. Composition

- 2.1. The Audit Committee shall comprise of a minimum of 3 members, all of which shall be non-executive directors. The majority of the members shall be independent with recent and relevant financial experience. The Chairperson and the members of the Committee shall be appointed by the Board on the recommendation of the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC).
- 2.2. The Chairperson of the Committee shall be an independent non-executive director.
- 2.3. The Chairperson of the Board and the Chief Executive Officer shall not be members of the Audit Committee. They shall attend only by invitation.
- 2.4. The Board may at any time remove member/s from the Committee and fill any vacancy/ies created by such removal.
- 2.5. The Company Secretary of the Board shall be the Secretary of the Committee.
- 2.6. The Chairperson and members of the Committee shall have the discretion to co-opt any person when deemed appropriate.

## 3. Meetings

- 3.1. A meeting of the Committee may be called by any member of the Committee or by the Secretary, but in any event the Committee shall meet on a quarterly basis.
- 3.2. The quorum for the meetings of the Committee shall be two members present throughout the meeting. A member may participate in a meeting of the Committee by telephone or other audiovisual means and be counted in the quorum.
- 3.3. The Chairperson of the Audit Committee may in case of absence designate an alternate. In case of absence of the Chairperson and where no alternate has been designated, the RCGESC or the Chairperson of the Board shall appoint an independent director to chair the meeting.

- 3.4. Notice of each meeting, confirming the venue, date and time together with and agenda of the items to be discussed and supporting documents where appropriate shall be forwarded to each member of the Committee and to each other person entitled to attend (if appropriate) in a timely manner to enable full and proper consideration to be given to the issues.
- 3.5. The Secretary shall keep appropriate records of all meetings of the Committee with minutes of the proceedings. The Secretary shall circulate minutes of any meeting of the Committee to all members of the Committee.
- 3.6. Only members of the Committee have the right to attend committee meetings. However other non-members may be invited to attend all or part of any meeting as and when necessary.
- 3.7. A member of the Risk Monitoring Committee may be requested to attend the Audit Committee whenever deemed appropriate.

## 4. Roles and Responsibilities

- 4.1. The roles and responsibilities of the AC are fixed by the Board and the scope of the authority is as follows :-
  - 4.1.1. Operating within the terms of its Charter.
  - 4.1.2. Ensuring the attendance of officers at meetings, as required.
  - 4.1.3. Having unrestricted access to the Group's management, employees and to relevant information in order to perform its duties and investigating any activity within its terms of reference.
  - 4.1.4. Ensuring procedures are established for dealing effectively with concerns of the Group's employees in respect of accounting, internal control and auditing matters.
  - 4.1.5. Ensuring procedures are established for dealing effectively with complaints received in respect of accounting, internal controls and auditing matters.
  - 4.1.6. Requiring investigation of specific financial transactions before Board approval where the AC and/or Management consider it necessary.
  - 4.1.7. Executing any other cognate duties as delegated by the Board.
  - 4.1.8. Seeking internal and external legal or other professional advices; and to secure the attendance at meetings of outsiders with relevant expertise and experience if it reasonably considers this necessary, at the Company's expense and subject to the Board's approval.

- 4.1.9. Reviewing the operational, information and compliance risks and the actions taken to mitigate them.
  - 4.1.10. Making recommendations to the Board or Management to ensure that appropriate actions are taken to fix, control failures, systems vulnerabilities and compliance lapses.
  - 4.1.11. Reviewing the adequacy of the Whistleblowing Policy and monitoring issues of concerns reported by employees and anyone wishing to raise genuine concerns in the interest of the Group under the whistleblowing procedures.
  - 4.1.12. The Committee Chairperson shall attend the Annual Meeting to answer shareholders' questions on the Committee's activities.
- 4.2. The roles and responsibilities of the AC in respect of the Group's internal controls, financial reporting, and compliance with laws and regulations as well as the working relationship of the Committee with both external and internal auditors are defined below:-

**4.2.1. Auditors and External Audit**

- To make recommendation to the Board on the appointment and retention of external auditors.
- Evaluate the independence and effectiveness of the external auditor and assess whether any non-audit services rendered by the auditors significantly impair their independence.
- Discuss and review with the external auditors, the engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure maintenance of a professional relationship.
- 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.
- Agree to the timing and nature of reports from the external auditors.
- Consider any problems identified in going concern or statement of internal control.
- Identify key matters arising in the current year's management letter and satisfy itself that these are being properly followed up.

- Review overall audit role, explore objectives, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money.
- Meet the external auditors whenever deemed appropriate to discuss audit matters concerning the Group.

#### 4.2.2. Financial Statements

The Committee will examine and review the annual financial statements and quarterly interim financial statements as well as the reports contained therein focusing on the under mentioned points, prior to submission and approval by the Board:

- The implementation of new systems.
- Tax and litigation matters involving uncertainty.
- Any changes in accounting policies and practices.
- Major judgemental areas.
- Significant issues resulting from the audit.
- The basis on which the Company has been determined a going concern.
- Capital adequacy.
- Internal control.
- Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements
- The efficiency of major adjustments processed at year end.
- Compliance with the financial conditions of loan covenants.
- Reviewing special documents such as prospectuses as and when prepared.

The Committee will make recommendations to the Board concerning the adoption of the final and interim financial statements.

#### 4.2.3. Internal Control and Internal Audit

The responsibility of the Committee would include the monitoring and supervision of the effective function of the Internal Audit. The Committee shall also ensure that the roles and functions of the external audit and the internal audit are clearly defined and co-ordinated to provide an objective overview of the operational effectiveness of the companies' systems of internal control and reporting.

This will include:

- Reviewing the effectiveness of the companies' internal control systems.
- Assessing and approving internal audit's conclusions with regard to internal control.
- Reviewing all matters reported by the internal audit function and assess whether the corrective actions taken in response to internal audit findings are adequate.
- Assessing the significant differences of opinion between management and the internal audit function.
- Maintaining proper and adequate accounting records.
- Controlling the overall operational and financial reporting environment.
- Directing and supervising investigations into matters within its scope, such as evaluations on the effectiveness of the companies' internal control, cases of employee fraud, misconduct or conflict of interest.
- Meeting the internal auditors whenever deemed appropriate to discuss audit matters concerning the Group.
- Ensure the internal auditors has direct access to the Board Chairperson and to the committee Chairperson, and is accountable to the committee.
- Review and approve the internal audit work plan on a regular basis to ensure that it addresses effectively key areas of risk, and that there is appropriate cooperation with external auditors. Meet separately with internal auditors to discuss any matters that either party considers should be discussed privately.

#### 4.2.4. Compliance with laws and regulations

- Review regular reports from the Compliance unit of the Group and keep under review the adequacy and effectiveness of the Company's compliance function.

- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Review the system for follow-up of fraud and non-compliance investigations and similar findings of any examinations by regulatory agencies.

## 5. Other Provisions

### 5.1. Professional advice

The Board has an agreed procedure whereby members of the Committee are able to seek independent professional advice, should the need arise. The professional services procured will be at the Company's expense and prior approval of the Chairperson is required.

### 5.2. Access to information

The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

### 5.3. Reporting

- The Chairperson (or in his/her absence, any designated member) of the Committee shall report to the Board on the Committee's deliberations at the next Board Meeting.
- Ensure that the Board is aware of all significant issues that may affect the financial status of the Bank and make appropriate recommendations to the Board. Discussions and conclusions of the Audit Committees shall be communicated to the Board members on a timely basis. The minutes will be available for consultation by all Board members.
- The Committee shall ensure that reports that may be required by law or requested by the Board relative to AC activities are included in the Company's Annual Report.