



Board Audit Committee Charter

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1. Introduction

This Charter governs the operations of Access Bank Plc's Board Audit Committee ('the Committee'). The Committee shall review and re-assess this Charter every three years or such other period as the circumstance may warrant and recommend required changes to the Board.

2. Purpose

The Committee assists the Board in fulfilling its oversight responsibility relating to:

- a) The integrity of the Bank's financial statements and the financial reporting process;
- b) The independence and performance of the Bank's internal and external auditors; and
- c) The Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and operating procedures.

3. Duties and Responsibilities

The Committee will perform the following responsibilities as it relates to:

3.1 Internal Audit

- a) Monitor the Bank's internal audit function including its independence;
- b) Oversee the development of a procedure for the Bank's receipt, retention and treatment of complaints regarding risk management, accounting, internal controls, unethical activity, breach of corporate governance codes or audit matters, including the means for the Bank's stakeholders to submit such complaints in a confidential and anonymous manner;
- c) Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment that is appropriate, at the Bank's expense;
- d) Review and reassess its responsibilities, functions, pre-approval policy for audit and non-audit services, making changes as necessary and conduct an annual performance evaluation of its activities;
- e) Ensure that the Bank provides adequate funding, as determined by the Committee, to the Committee for payment, compensation to any advisers engaged by the Committee, and payment of ordinary administrative expenses incurred by the Committee in carrying out its duties; and
- f) Review the proposed audit plan(s) and review the results of internal audits completed since the previous Committee meeting as well as the focus of upcoming internal audit projects.

- g) Review and ensure that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle blowing mechanism are summarized and presented to the Board
- h) Ensure that the Internal Audit function is sufficiently skilled and resourced to address the complexity and volume of risk faced by the Bank.

3.2 Statutory Audit and Financial Reporting

- a) Review the results of the annual and interim audit and discuss the audited financial statements with management;
- b) Review the statutory auditors' management letter when presented and ensure adequacy of management's response;
- c) Review with the Chief Financial Officer annually the significant financial reporting issues and practices of the Bank, and ensure that appropriate accounting principles are applied including financial controls relating to the "closing of the books" process;
- d) Meet separately as the need may arise with the Chief Financial Officer, Chief Audit Executive and statutory auditor to discuss the adequacy and effectiveness of the Bank's accounting and financial controls;
- e) Discuss the Bank's policy regarding press releases as well as financial information provided to analysts and rating agencies;
- f) Review the Bank's legal representation letter presented to the statutory auditors and discuss significant items, if any,
- g) Receive the decisions of the Shareholders Audit Committee on the statutory audit report from the Company Secretary and ensure its full implementation;
- h) Require management to present and discuss, as soon as practicable, all reports received from regulators (e.g. CBN, SEC, NSE, NDIC and Rating Agencies etc.) which may have a material effect on the financial statements or related compliance policies;
- i) Annually assess and confirm the independence and competence of the statutory auditor, in line with the Bank's Statutory Audit Independence Policy (see Appendix A). The report of this assessment should be submitted to the Board;
- j) On an ongoing basis review and ensure compliance with the list of non-audit services that may be provided by the statutory auditors (see Appendix B).
- k) Review legal and regulatory matters, contingent liabilities or other sensitive information that may have a material effect on the Bank's financial statements, systems of internal control or regulatory compliance.
- l) Preserve auditor's independence by setting clear hiring policies for employees or former employees of external auditors.

- m) Develop a policy on the nature, extent and terms under which the external auditor may perform non-audit service

3.3. The Committee shall recommend appointment, re-appointment or removal of the Bank's external auditors to the Board of Directors.

4. Authority

The Committee has the authority of the Board to:

- a) Investigate any activity within its terms of reference;
- b) Seek any information that it requires from any employee of the Bank and all employees are directed to cooperate with any request made by the Committee;
- c) have unlimited access to the Bank's financial records including external auditors' reports.
- d) Form and delegate authority to sub-committees, made up 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.

5. Size, Make-Up and Competencies of Committee Members

The Committee shall be made up of at least four Non-Executive Directors nominated by the Board of Directors, at least one of whom shall be an Independent Director who shall chair the Committee. The Board shall consider the independence, financial literacy, accounting or related financial management expertise, entrepreneurial skills, ethical standards and other qualifications before nominating and appointing the members of the Committee.

The Committee must have one member who is a financial expert. A financial expert is someone who:

- a) as a result of acting as an auditor or due to other relevant experience has appropriate knowledge of both International Standards on Auditing, financial reporting procedures and internal controls along with audit committee functions; and
- b) is a member of a reputable and relevant professional institution.

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

Attending each meeting by standing invitation are the Chief Risk Officer, Chief Financial Officer, Chief Conduct and Compliance Officer, Group Head, Corporate Counsel and Chief Audit Executive, Head Group Human Resources while the Group

Managing Director, Group Deputy Managing Director and Executive Directors shall attend based on specific invitation. The Chairperson of the Committee shall be entitled to request that the Committee meet without any of these persons.

At least once a year, the Committee should hold a discussion with the Chief Audit Executive and External Auditors independent of Management.

6. Secretary

The Company Secretary shall act as the secretary to the Committee.

7. Chairman's eligibility and terms of appointment

The Chairman of the Committee shall be appointed from the members of the Committee, for a period of three years. The Chairman of the Committee must be an Independent Non-Executive Director appointed by the Board, for a period of three years. The Chairman may be reappointed for a further period of three years. The Chairman shall not be eligible for further re-appointment as Chairman until after three years. The Chairperson shall be a person other than the Chairpersons of the Board of Directors and the Board Credit and Finance Committee.

Where the Chairman is absent from a meeting, the Independent Non-Executive Director previously designated by the Board as the Committee's Vice-Chairman shall preside over the meeting.

8. Remuneration of members of the Committee

The members remuneration shall be limited to Directors' fees, sitting allowance and reimbursable travel and hotel expenses. The Non-Executive Directors shall not receive benefits and salaries whether in cash or in kind other than those mentioned above.

9. Meetings

The Committee shall meet at least once every quarter or upon request of the Chairperson of the Committee or any two members of the Committee.

The quarterly meeting shall be held in January, April, July, and October of every year or such other months as exigencies of the Bank's operations may permit.

The decision of the majority at any such meeting will be the decision of the Committee. The Committee may also act by unanimous written resolution in lieu of a meeting.

10. Attendance at Committee Meetings

All Committee members are required to attend all meetings of the Committee.

11. Notice of meetings

The secretary shall provide notice of meetings, but lack of notice shall not invalidate the proceeding of any meeting at which a quorum was present.

12. Quorum at meetings

Three members of the Committee shall constitute a quorum.

13. Record keeping at meetings

The secretary shall keep minutes of the committee meetings. The minutes of the committee meetings shall be presented for approval at the next meeting of the Committee.

14. Appointment of sub-committee

The committee may appoint its own sub-committees and delegate any of its responsibilities that do not require involvement of the committee, to a sub-committee. The sub-committee may comprise of one or more members of the Committee. Each sub-committee shall report its activities at the next practicable meeting of the Committee.

15. Ability to take external advice

The Committee has the power to obtain advice and assistance from, and to retain at the Bank's expense, such independent or outside legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties. The Committee shall have the sole authority to retain, replace and approve fees and other retention terms for any consultant or advisors that it requires to assist it in fulfilling its duties.

16. Reporting and accountability

The Committee shall report the proceedings and recommendations of each meeting to the Board at the next practicable meeting of the Board.

The Board shall evaluate the performance of the Committee as part of the annual Board evaluation exercise.

17. Chief Audit Executive

The appointment and removal of the Chief Audit Executive shall be the responsibility of the Board of Directors subject to CBN's ratification. The CBN must be notified of any change and reasons thereof, within fourteen (14) days of such change. The Chief Audit Executive shall report directly to the Board Audit Committee.

18. Other Issues

The Board may rely on information provided by the Committee and its members in relation to matters within the Committee's responsibility under the terms of this Charter if it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

Management is responsible for the preparation, presentation and integrity of the financial statements. Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Internal audit is responsible for independent reviews of the integrity of financial data and of the control framework and compliance with policies and regulations.

The statutory auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards. The statutory auditors are accountable to shareholders through the Shareholders Audit Committee.

19. Approval and Effective Date

This Charter becomes effective immediately upon approval of the Central Bank of Nigeria

APPENDIX A STATUTORY AUDIT INDEPENDENCE POLICY

Introduction

This policy is in furtherance of the Bank's commitment to best corporate governance practice, and assurance of independence of the statutory auditors. All amendments to this policy must be approved by the Board of Directors.

Policy

1. Access Bank requires the statutory auditor to provide suitably qualified personnel to ensure an effective audit. They should provide audit personnel who are appropriately trained; capable of meeting the required technical standards; will always maintain confidentiality and behave in a professional manner.
2. To ensure audit quality at Access Bank and to allow for an effective audit service by suitably qualified professionals, Access Bank commits to the payment of fair commercial rates for its statutory audit and audit-related services.
3. Access Bank considers that the level of non-audit fees paid to the statutory auditor can give rise to a perception of a loss of objectivity. As an overriding principle Access Bank will not allow fees paid to the statutory auditor for non-audit related services to exceed, on an annual basis, a level that the Board is of the view that there is a risk of a loss of objectivity by the statutory auditor.
4. The Board Audit Committee will annually review non-audit related services provided by the statutory auditor during the previous year and proposed non-audit related services for the coming year. The aim of the review is to seek assurance from management and the statutory auditor to the ultimate satisfaction of the Committee, that the non-audit services so provided, will not compromise the independence of the statutory auditor. In addition, the Board Audit Committee has considered and documented the non-audit services, (see Appendix B), the statutory auditor will be permitted to provide to the Bank.
5. Access Bank will require the statutory auditor to commit to rotating the lead audit partner for Access Bank every five (5) years.
6. Access Bank requires its statutory auditor to maintain quality control processes whereby all key accounting and auditing decisions are arrived at after appropriate consultation with technical and subject matter experts within the Firm.

7. Access Bank requires its statutory auditor to maintain all audit related work papers and reports for a minimum of seven (7) years
8. The Board Audit Committee will require the statutory auditor to confirm annually that it has complied with all professional regulations relating to auditor independence. Specifically, the statutory auditor will be required to confirm its commitment to strict procedures to ensure that:
 - The statutory auditor and its partners do not have any financial interest in Access Bank;
 - The engagement team members of the statutory auditor do not have any financial interest in Access Bank;
 - There are no business interests between Access Bank and the statutory auditor;
 - The pension fund administrator of the partners and staff of the statutory auditor does not hold any direct financial interest in Access Bank; and
 - No portion of fees paid by Access Bank to the statutory auditor is made on a contingency basis.
9. In addition, the Board Audit Committee will also require the statutory auditor to annually submit a report which describes:
 - Issues from the most recent internal quality review/peer review of the statutory auditor;
 - Issues from any inquiry or investigation by government or professional authorities within the preceding five years, into any independent audits carried out by the statutory auditor and the steps the statutory auditor has taken to deal with such issues;
 - All relationships between the statutory auditor and Access Bank; and
 - The statutory auditor's policy on audit partner rotation, which should include confirmation that audit partners are subject to five-yearly rotation.
10. As a matter of principle and sound corporate governance, Access Bank will require the statutory auditor to provide assurance on an annual basis that:
 - The total fees received by the statutory auditor from Access Bank do not have a material impact on its operations or financial conditions;
 - Access Bank has not withheld fees from the statutory auditor; and



- To the best of the statutory auditor's knowledge, there is no litigation between Access Bank and the statutory auditor.
11. In addition to the confirmations and representations by the statutory auditor referred to above, the standard of independence to which the auditor complies will not be less than the standards promulgated by the:
- Company and Allied Matters Act 1990;
 - The Central Bank of Nigeria's (CBN) Code of Corporate Governance;
 - Institute of Chartered Accountants of Nigeria (ICAN); and
 - The Securities and Exchange Commission (SEC).
 - Financial Reporting Council of Nigeria

Appendix B

LIST OF NON-AUDIT SERVICES THAT MAY BE PROVIDED BY THE STATUTORY AUDITOR

AREA	DESCRIPTION OF SERVICE
Assurance	Accounting procedures review
	Compliance assurance
	General process and controls review
	Corporate Governance
	Prospectus/acquisition accounting due diligence
IT Reviews	Review of IT process controls
	Assessment of application controls
	IT process risk reviews
	Data conversion and integrity assurance
	Interface control review
	Quality assurance support
	Security
Transaction services	Transaction support for acquisition and divestment
	Post merger integration advice
	Transaction project management
	Strategic financial advice, including strategic alliances
Risk Management	Financial risk management (treasury review)
	Fraud review
	Probity audit
	Benchmarking
	Enterprise risk management reviews (part of year end review)
Technical Accounting	Technical interpretation
	International comparison
Taxation	Tax planning and strategy
	Company Income Tax and advisory
	Stamp duty tax advisory
	Indirect tax planning
	Legislative monitoring and analysis
	Capital structure planning
	Tax and treasury harmonization
	Tax due diligence
	Tax merger integration advisory
	Payroll employment tax advisory



	Tax compliance services
	Tax function improvement advisory
	Tax audit risk assessment and advisory services
General	Board and Directors review /appraisal
	Junior accounting secondment (loan staff)