

NCB FINANCIAL GROUP LIMITED

AUDIT COMMITTEE CHARTER

Introduction

This Charter is intended as a component of the flexible framework within which the Board of Directors of NCB Financial Group Limited (the “Company”), assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s amended and restated certificate of incorporation, it is not intended by its own force to establish any legally binding obligations on the members of the Audit Committee or other members of the Board of Directors or to establish any rights in any stockholder or other person.

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, the system of internal control, the audit process, and the organisation’s process for monitoring compliance with laws and regulations and the code of conduct.

Scope

This charter applies to the NCB Financial Group Limited and the following subsidiaries:

- National Commercial Bank Jamaica Limited (incorporated in Jamaica)
- NCB Global Holdings Limited (incorporated in Trinidad and Tobago)

Authority

The independent auditors shall report directly to the Audit Committee. The Audit Committee shall be given full and direct access to the Company’s chief financial officer and other financial, accounting, internal audit personnel and other members of management as required by the Audit Committee.

The Audit Committee is empowered to:

- Conduct or authorize investigations into any matters within the scope of its activities.
- Recommend the appointment, compensation and oversee the work of the independent auditors.
- Approve the appointment, compensation, removal, or replacement of the Chief Internal Auditor.
- Oversee the operations of the internal audit function.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all audit and non-audit services, provided by the independent auditors.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees — all of whom are directed to cooperate with the Committee's requests — or external parties.

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- Meet with company officers, internal auditors, external auditors, or outside counsel, as necessary.

Composition

The Audit Committee shall be comprised of no fewer than three directors, each of whom will be Independent (as defined below). Each Audit Committee member shall be elected by the majority vote of the Board of Directors. Any Audit Committee member may be removed by the Board at any time, with or without cause. In order to be considered to be "Independent" for purposes of this Charter, a member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee:

- Accept directly or indirectly (such as through a spouse, a minor child or stepchild or a child or stepchild sharing a home with such Audit Committee member or through an entity in which such Audit Committee member is a partner, member or officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the Company or any of its subsidiaries) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any of its subsidiaries) any consulting, advisory, or other compensatory fee from the Company or any subsidiary of the Company, provided, however, that compensatory fees do not include the receipt of fixed amounts of compensation under any retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service); or
- Be an "Affiliated Person," which for purposes of this Charter shall mean any person who directly, or indirectly through one or more intermediaries (i) possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of ("Control") the Company or any of its subsidiaries, whether through the ownership of voting securities, by contract or otherwise, or (ii) is Controlled by, or is under common Control with the Company or any of its subsidiaries. However, such Audit Committee Member will be deemed not to (a) possess Control of the Company or any of its subsidiaries, or (b) be Controlled by or under common Control with the Company or any of its subsidiaries, if (y) in the case of clause (a) of this paragraph, such Audit Committee Member is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the Company or its subsidiaries, or an Executive Officer (as defined below) of the Company or its subsidiaries, and (z) in the case of clause (b) of this paragraph, the Company or such subsidiary (as the case may be) is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of any affiliate of such Audit Committee Member. For purposes of this Charter, the term "Executive Officer" means a Division Head or a member of Senior Management of a principal business unit, division or function, any other officer who performs a policy making function or any other person who performs similar policy making functions. An Executive Officer of a subsidiary will be deemed to be an executive officer of a parent company if such officer performs any such policy making functions for the parent

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company. Such Audit Committee member shall be deemed to be an Affiliated Person if he or she is:

- an Executive Officer of the Company or any affiliate of the Company;
- a director who is also an employee of the Company or an affiliate of the Company;
- a general partner of the Company or any affiliate of the Company; or
- a managing member of the Company or any affiliate of the Company.

All members of the Audit Committee shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Meetings

The Committee will meet at least four times a year, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting. The Committee will invite members of management, internal and external auditors, or others to attend meetings and provide pertinent information as necessary. It will hold private meetings with internal and external auditors (see below). Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

Responsibilities

The Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles.
- Review operational data and other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the Committee under International Financial Reporting Standards and International Standards on Auditing.

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- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management, the Chief Internal Auditor and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members.
- Provide oversight to the Financial Reporting Risk Management Framework: review and recommend policies for Board approval; review the results of audits of the financial reporting processes and activities.

Internal Control

- Consider the effectiveness of the organisation's risk management and internal control system, including information technology security and control.
- Review and discuss with the head of the NCB Financial Group Limited and the chief financial officer the organisation's internal/disclosure controls and procedures and any material control weaknesses and fraud.
- Understand the scope of Internal Audit's review of risk management and internal control over financial and operational reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review with management and the external auditors their respective assessments and attestation of the effectiveness of the organisation's internal controls and procedures for financial reporting.

Internal Audit

- Review with management and the Chief Internal Auditor the charter, plans, budget, activities, staffing, and organisational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Chief Internal Auditor.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' [*International Standards for the Professional Practice of Internal Auditing*](#).
- On a regular basis, meet separately with the Chief Internal Auditor to discuss any matters that the Committee or Internal Audit believes should be discussed privately.
- Review the performance of the Chief Internal Auditor and make recommendation to the Board on his/her appointment, compensation and discharge.

Fraud Prevention

- Receive and consider reports on significant frauds, forgeries and other irregularities in respect of any investigations undertaken.

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External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit.
- Review the performance of the external auditors and make recommendation to the Board on the appointment, compensation, and discharge of the auditors
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the organisation, including non-audit services and compensation practices, and discussing the relationships with the auditors.
- Assess the external auditor's process for identifying and responding to key audit and internal control risks.
- On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations, including Standards and Guidance issued by the Supervisory Authority, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Review the organisation's code of conduct and the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and company legal counsel regarding compliance matters.
- Establish and review procedures for receipt, retention, and treatment of complaints received by the organisation regarding accounting, internal controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters. Review reports received under these procedures.
- Review all relevant related party transactions to ensure that these are in compliance with the policy on Related Party Transactions.
- Review reports received under the Whistleblower Policy.

Reporting Responsibilities

- Report to the Board of Directors quarterly about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between Internal Audit, the external auditors, and the Board of Directors.
- Ensure there is a report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.

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- Review any other reports the organisation issues that relate to Committee responsibilities.

Other Responsibilities

- Confirm annually to the Audit Committees of the subsidiaries within the NCB Financial Group the execution of responsibilities on their behalf
- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee Charter annually, requesting Board approval for proposed changes.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Ensure that there is an evaluation of the Committee's and individual member's performance as part of the annual Director appraisal system.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's and Group's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards. This is the responsibility of management and the external auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements or to assure compliance with laws and regulations and the Company's Code of Conduct. The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and condition, or the responsibilities of the independent accountants relating to the audit or review of financial statements. In carrying out its oversight responsibilities, the Audit Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

_____ Date _____
Chairman of the Board of Directors
NCB Financial Group Limited

_____ Date _____
Chairman of the Audit Committee
NCB Financial Group Limited