

BOARD OF DIRECTORS CHARTER

BOARD CHARTER

1.0 PURPOSE OF CHARTER

- 1.1 This Board Charter (the "Charter") sets out the roles, responsibilities and composition of the Board of Directors ("the Board") of Republic Bank (Ghana) PLC ("the Bank" or "the Company") and has been adopted by the Board of Directors to facilitate the exercise of their collective and individual responsibilities.
- 1.2 The principles and polices contained herein are in addition to the Companies Act, 2019, (Act 992), the Banks and Specialized Deposit Taking Institutions Act, 2016, (Act 930), the Securities Industry Act, 2016 (Act 929) (together referred to as the "Acts") prevailing Regulatory Corporate Governance Guidelines, Directives and Codes (the "Directives") and the Constitution of Republic Bank (Ghana) PLC (the "Constitution"). Consequently, matters set out in the Acts, the Directives and the Constitution form an integral part of this Charter and are not necessarily reproduced herein.
- 1.3 Additionally, cognizance should be taken of Republic Bank Limited's (Trinidad & Tobago) Board of Directors Terms of Reference in so far as they are not inconsistent with the Acts, Directives or Constitution of the Bank.

2.0 OBJECTIVES

- 2.1 The Board is ultimately responsible for the stewardship and long-term success of the Bank. Its role is to provide enterprise, integrity, good judgment and also provide strategic guidance to lead and control the Bank to achieve continuous growth and prosperity. The entrepreneurial leadership must be provided within a framework of prudent and effective controls that enable risks to be assessed and managed. The Board should always act in the best interests of the Bank and its Stakeholders, guided by a philosophy that is based on good governance, transparency, accountability and responsibility in line with the general direction of the parent Company, the Republic Financial Holdings Ltd (RFHL), and subject always to prevailing laws and regulations of Ghana.
- 2.2 The Board sets the Bank's strategic objectives. In so doing the Board shall ensure that the necessary resources are in place to enable the achievement of these objectives. Implementation of the strategy and day-to-day management is delegated to the Executive Management under the leadership of the Managing Director. The Board will review Management's performance against agreed matrices.
- 2.3 The Board has overall responsibility for the management of the risks facing the Bank and oversight of the actions taken by Management to assess and mitigate risk.

- 2.4 The Bank's values and standards are set by the Board of Directors to ensure that the Bank's obligations to its Shareholders, Staff, Customers and Local Communities are met. The Board of Directors Code of Conduct & Corporate Governance confirms the commitment of the Board to strive to engender the trust of Stakeholders by stewarding the Bank with the highest standards of ethical conduct. The governance framework establishes the structure to guide Directors, Management and Staff in the discharge of their obligations.
- 2.5 The Republic Group has ten principles of Corporate Governance that underpin the objectives of the Board and provide a framework for the manner in which the Board functions and discharges its responsibilities. The principles, as hereinafter enumerated, are more particularly spelt out in the Group's "Guide to Good Corporate Governance" which, insofar as is consistent with Ghanaian statutory or regulatory provisions, form part of the Corporate Governance framework of the Bank. The principles are:-
- ❖ Principle 1 - Lay solid foundation for Management and oversight
 - ❖ Principle 2 - Structure the Board to add value
 - ❖ Principle 3 - Promote ethical and responsible decision making
 - ❖ Principle 4 - Safeguard integrity in financial reporting
 - ❖ Principle 5 - Make timely and balanced disclosure
 - ❖ Principle 6 - Respect the rights of the Shareholder
 - ❖ Principle 7 - Recognise and manage risk
 - ❖ Principle 8 - Encourage enhanced performance
 - ❖ Principle 9 - Remunerate fairly and responsibly
 - ❖ Principle 10 - Recognise the legitimate interests of the Shareholder.

3.0 RESPONSIBILITIES

3.1 The Board is accountable to Shareholders and is responsible for:-

3.1.1 With respect to the operation of the Bank:-

- ❖ Setting and keeping under review the strategic direction and goals of the Bank and monitoring activities of the Executive Management.
- ❖ Monitoring the financial performance and financial health of the business.
- ❖ Ensuring that the financial resources available to the Bank not only meet statutory and regulatory requirements but are also adequate with respect to the nature, size and complexity of its business and will enable the Bank to meet its liabilities as they fall due
- ❖ Reviewing, evaluating and approving the Bank's annual budget and forecasts, overseeing and monitoring the Bank's management and operations, management accounts and approving and monitoring the progress of major capital expenditure, capital investments and management of major transactions i.e. acquisitions and divestitures. Monitoring the effectiveness of corporate governance practices and setting and reviewing organizational rules and policies in step with industry changes.
- ❖ Appointing, overseeing and providing effective leadership and collaboration with the Executive Management team.

- ❖ Ensuring the Bank has the appropriate organisational structure and framework in place to achieve its objectives.
- ❖ Establishing and articulating the Bank's values, vision, mission, strategy, goals, objectives and plans.
- ❖ Ensuring the integrity of accounting policies, record keeping, accounting and financial reporting systems and non-financial reporting systems are sufficient for the operation of the Bank and consistent with the requirements of the Act, any applicable statute and any other regulatory requirements under the Acts.
- ❖ Presenting a balanced and understandable assessment of the Bank's progress and prospects to Shareholders.
- ❖ Establishing and maintaining a sound system of internal controls, codes of conduct and compliance with applicable regulatory and statutory requirements.
- ❖ Determining and documenting the Bank's governance practices, risk management framework, risk tolerance and ethical standards.
- ❖ Formulating policies and procedures that implement the business strategy, risk management framework and ethical standards and ensure that the duties of the Bank are met.
- ❖ Setting, monitoring and reviewing the Bank's the risk appetite.
- ❖ Implementing and reviewing the effectiveness of Management Information Systems that enable the Board to monitor performance.
- ❖ Holding Management to account, monitoring the annual performance of the Managing Director against agreed performance indicators, and providing checks and balances to the Managing Director's authority.
- ❖ Monitoring and setting compensation policy for Senior Executives, such as the Executive Directors, Chief Officers and General Managers and those stipulated by Statutory and Regulatory Requirements and overseeing succession planning and development.
- ❖ Developing and documenting appropriate staffing and remuneration policy.
- ❖ Keeping under review the Bank's Corporate Social Responsibility objectives.
- ❖ Ensuring that the Bank has sufficient technological, digital and other resources to carry out its operations.
- ❖ Appointing a Managing Director and other management as it sees fit. The Board shall ensure that there are Directors or senior staff who are capable of taking over the functions of the Managing Director in the event that the Managing Director is incapacitated, absent, or otherwise incapable of fulfilling his or her duties.
- ❖ Reviewing regularly the business strategy, corporate governance, risk management, ethical standards, policies and procedures, internal controls, record keeping and accounting policies, management information, level of resources and compliance with the Acts and any other applicable statute and regulatory requirement imposed by any self-regulatory organization of which the Bank is a member. Keep records of all decisions by the Board and any Board Committees.
- ❖ Appointing Board Committees with the appropriate balance of skills, experience, independence and knowledge in accordance with the Acts, Directives and the Constitution.

3.1.2 With respect to Shareholders and other Stakeholders:

- ❖ Establishing and implementing a system that communicates properly and provides necessary information to Shareholders
- ❖ Protecting the rights of Shareholders and being accountable to them
- ❖ Advancing shareholders' interests by taking full and appropriate account of the interests of other stakeholders and the community more generally

3.1.3 With respect to the effective functioning of the Board:

- ❖ Monitoring the effectiveness of the corporate governance practice under which it operates and proposing revisions as may be required
- ❖ Establishing a transparent Board nominating process
- ❖ Monitoring the performance of the Board and its committees by means of a formal, documented evaluation no less frequently than annually; and
- ❖ Establishing procedures in managing conflict of interest.

4.0 STRUCTURE AND COMPOSITION OF THE BOARD

- 4.1 The Board of Directors shall comprise up to a maximum of eleven (11) and a minimum of six (6) Directors.
- 4.2 The Board shall comprise a balance of executive directors, non-executive directors and independent non-executive directors.
- 4.3 The Bank is mindful that the Board must reflect the socio-economic and cultural environment of the Bank's Stakeholders. Accordingly, Directors must reflect a diverse cross-section of the professional and business community and be highly respected, independent individuals with significant experience in their respective fields, and must have integrity, skills and qualifications necessary for the banking business undertaken by the Bank.
- 4.4 Directors' qualifications shall be in accordance with the Acts and the Directives.
- 4.5 Directors will be of sufficient caliber, have experience and knowledge of global banking issues, local or overseas markets, financial and / or other business information to make valuable contributions to the Bank's progress. They will exercise their independent judgment without constraint.
- 4.6 The Board of Directors considers that the skills of Directors enhance the Board's effectiveness. The collective Board is required to have a core set of skills and expertise identified to effectively provide the Bank with the appropriate leadership and guidance, given the risks and opportunities facing the Bank.
- 4.7 Directors must have sufficient time available to devote to the performance of their Board duties.
- 4.8 Membership of the Board will be disclosed in the Annual Reports issued by the Bank.
- 4.9 The Chairman and Managing Director

- ❖ The Chairman of the Board shall be an Independent Director.
- ❖ The Chairman will ensure that the Board is in complete control of the Bank's affairs and fully alert to the obligations to Shareholders, Industry and the law.
- ❖ The Chairman will be responsible for ensuring that all members play a full part in the Board's activities and members are encouraged to contribute within their respective capabilities in order to secure maximum benefit for the Bank.
- ❖ The Chairman shall ensure that the Board meets in accordance with the agreed schedule and otherwise as required.
- ❖ The Chairman shall ensure that all Committees meet regularly.
- ❖ The Chairman shall ensure that meetings are conducted in a proper manner.
- ❖ The Chairman shall ascertain the views and/or the decision of the meeting on the issues being discussed.
- ❖ The Chairman shall ensure that the Board exercises its responsibility to act as a check and balance to the decisions of the Managing Director and other management staff.
- ❖ The Chairman and the Managing Director shall be responsible for supplying information to Board Members on a timely basis that is sufficient to enable them discharge their duties.
- ❖ The Managing Director will be a separate individual from the Chairman.
- ❖ Delegated Duties and Authorities of the Managing Director are approved by the Board of Directors and reviewed as and when necessary. Matters not specifically delegated are reserved to the Board.
- ❖ The Managing Director will submit quarterly reports on the operations of the Bank to the Board of Directors.

5.0 COMMITTEES OF THE BOARD

- 5.1 The Board of Directors is the principal decision making body of the Bank.
- 5.2 The Board of Directors has established and delegated authority to the following standing Board Committees:-
- ❖ Audit Committee
 - ❖ Enterprise Risk Committee
 - ❖ Finance & Credit Committee
 - ❖ Remuneration & Nominations Committee
 - ❖ Cyber & Information Security Committee.

- 5.3 Each Standing Committee's Terms of Reference, which includes the scope of functions and limits of authority, are set out in the Appendix to this Board Charter.
- 5.4 All members of these Committees shall be Directors of the Bank.
- 5.5 Consideration may be given to rotating Committee members periodically, but the Board does not feel that rotation should be mandated as a policy.
- 5.6 The Board may from time to time constitute such other committees as it may deem appropriate to assist in the discharge of its responsibilities.
- 5.7 The Committees of the Board and membership of these Committees should be disclosed in the Annual Reports issued by the Bank.

6.0 BOARD AND COMMITTEE MEETINGS

- 6.1 The Board will meet at least four (4) times in a year to enable it efficiently discharge its duties.
- 6.2 The Committees of the Board meet between these meetings either as scheduled or as circumstances dictate.
- 6.3 At the end of each year the Company Secretary, in consultation with the Board Chairman will set out a tentative meeting calendar for the year. The Chairman may also request a meeting at his volition or at the request of any Director.
- 6.4 Due notice should be given to Directors of issues to be discussed.
- 6.5 A detailed agenda, and to the extent feasible supporting documents, will be provided to the Directors approximately one week prior to each Board meeting by the Company Secretary.
- 6.6 Directors should review these materials in advance of the meeting.
- 6.7 Directors having items to suggest for inclusion on the agenda for Board meetings should advise the Chairman well in advance of such meetings.
- 6.8 The Company Secretary should properly maintain records of meetings and conclusions/decisions /resolutions reached.
- 6.9 Contrary or dissenting views should be clearly disclosed in the minutes of meetings.
- 6.10 A Director shall attend at least fifty percent (50%) of the Bank's Board meetings in any financial year.
- 6.11 Directors are also expected to attend meetings of the Committees on which they serve.
- 6.12 Attendance of Directors (especially Non-Executive Directors) at these meetings should be a key element of their continued service on the Board.
- 6.13 Directors are encouraged to attend all General Meetings of Shareholders.

- 6.14 Non-Executive Directors may meet without the Executive Directors being present.
- 6.15 The Chairman, Managing Director and /or Committee Chairpersons may invite corporate officers, other staff and advisors to attend Board or Committee meetings whenever deemed appropriate. Recommendations from such persons shall be considered as advice to the Board or the Committees, who take the ultimate responsibilities for all their decisions.
- 6.16 Executive Directors are answerable to the Board for the conduct of their management responsibilities.

7.0 DIRECTOR SELECTION AND APPOINTMENT

- 7.1 Selection and appointment of Directors to the Board shall be done in accordance with the Acts, Directives, the Bank's Constitution and the Policies and Procedures for the Appointment of Non-Executive Directors.
- 7.2 Directors are appointed by Members/Shareholders at the Bank's Annual General Meeting or other specially convened General Meeting.
- 7.3 By the Constitution of the Bank, Shareholders with 12.5% shareholding are entitled to appoint one Director per 12.5% equity stake.
- 7.4 Directors will be required to submit themselves to Shareholders for (re)election at regular intervals. All names submitted for (re)election will be accompanied with biographical details.

8.0 DIRECTOR TENURE

- 8.1 Term limits for Directors shall be in accordance with the maximum number of years and age limits prescribed by the Acts and the Directives.
- 8.2 Generally, with the exception of the Managing Director, Directors shall be subject to a maximum tenure of three terms, of three years per term.
- 8.3 The Board Chairman shall be subject to a maximum tenure as Chair of two terms of three years per term.
- 8.4 The term of office of the Managing Director shall not be more than four (4) years and may be renewed for additional two (2) terms only.
- 8.5 All Directors shall be required to submit themselves for re-election at regular intervals that shall be no longer than four years. Executive Directors shall have a fixed service contract with a provision to renew subject to regular performance appraisal and Shareholders' approval.

9.0 DIRECTOR RESIGNATION

- 9.1 A Director may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board or the Board Secretary.
- 9.2 Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 9.3 In the interest of the Board, Directors who change the responsibility they held when they were elected to the Board, or who subsequently have another change in responsibility, should notify the Chairman of the Board of such change in responsibility. It is not the requirement of the Board that in every instance such Directors should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under the circumstances. If the Board determines that continued Board membership under the circumstances is no longer appropriate, the Director shall resign.

10.0 DIRECTOR RETIREMENT

- 10.1 Executive Directors shall retire from the Board coincident with their retirement as staff.
- 10.2 Other retirement provisions are governed by the Acts, the Directives and the Constitution.

11.0 DIRECTOR ORIENTATION AND EDUCATION

- 11.1 Management will provide new Directors with an initial orientation and/or relevant material to familiarize them with their responsibilities as Directors under the law, the Directives, the Bank's business, competitive posture, strategic plans and objectives in order to enhance their effectiveness in the Board.
- 11.2 In order to facilitate the Directors' fulfillment of their responsibilities regarding continuous education and to enhance each Director's knowledge of the Bank, its business operations and the latest developments in corporate governance, it is appropriate for Management to provide Directors with access to, or notice of continuous training, not only in their particular fields of expertise but also in other areas, which will keep them abreast with latest trends and developments to assist in the discharge of their duties and responsibilities.

12.0 DIRECTOR ACCESS

- 12.1 Directors should have full and free access to officers and staff of the Company. Any meetings or contacts that a Director wishes to initiate may be arranged through the Managing Director or the Company Secretary or directly by the Director.
- 12.2 The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Bank and will, to the extent not inappropriate, copy the Managing

Director on any written communications between themselves and an officer or employee of the Company.

- 12.3 Directors should have unrestricted access to all Bank information, records and documents.
- 12.4 Management ensures that at Board Meetings, Directors have access to the best possible professional advice during their deliberations.
- 12.5 The Board of Directors (and/or Standing Committees of the Board) may commission, at the Bank's expense, any independent professional advice it considers appropriate on any matter it believes necessary so to do.

13.0 MULTIPLE DIRECTORSHIPS

- 13.1 Directors shall devote sufficient time to the performance of their role to discharge their responsibilities effectively.
- 13.2 Directors should carefully consider the number of other boards on which they can serve consistent with the time and energy necessary to satisfy the requirements of Board and Committee memberships.
- 13.3 No person shall hold more than five directorships in any company nor three in any listed company at any one time.
- 13.4 Directors should also carefully consider any actual or apparent conflicts of interest and impairments to independence that service on other boards may create.
- 13.5 In furtherance of these considerations, Directors must notify the Chairman of the Board or the Company Secretary in a timely fashion before accepting an invitation to serve on the board of another company.
- 13.6 This prior notice is to allow discussion with the Chairman of the Board to review whether such other service will interfere with the Director's service on the Bank's Board, impact the Director's independence, or create an actual or apparent conflict of interest for the Director.

14.0 DIRECTOR COMPENSATION

- 14.1 Non-Executive Directors do not participate in performance-based incentive plans. They should receive compensation in the form of fixed annual fees paid quarterly and a sitting allowance per meeting.
- 14.2 Executive Directors are not paid fees; they shall receive compensation for their managerial positions.
- 14.3 Board Member fees shall become effective upon approval by the General Meeting.

15.0 PERFORMANCE EVALUATION OF THE BOARD

- 15.1 The Board of Directors will monitor performance of the Board and its Committees by conducting an annual evaluation to determine whether it and its Committees are functioning effectively.
- 15.2 The Chairman or the Company Secretary will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will focus on the Board's contribution to the Bank and specifically focus on areas in which the Board or Management believes that the Board could improve.
- 15.3 Each Standing Committee shall review and re-assess the adequacy of its Terms of Reference annually and recommend any proposed changes to the Board of Directors for approval.
- 15.4 Each Standing Committee shall annually review its own performance and report the results to the Board. The Company Secretary shall oversee and report to the Board the assessment of each Committee's performance evaluation process.

16.0 THE BOARD SECRETARY

- 16.1 The Board Secretary is responsible for:
- ❖ Ensuring that meetings take place and papers are circulated to those attending, in accordance with the schedule agreed by the Board, and as directed by the Chairman
 - ❖ Advising the Board on Board policies and procedures for the operation of the Board as specified in the Acts, Directives, the Constitution and the Board Charter
 - ❖ Keeping records and Board Minutes as appropriate
 - ❖ Maintaining the Charter, ensuring that it is up to date and advising the Chairman on its enforcement
 - ❖ Ensuring that there is an annual review of the Charter by the Board.

17.0 RELATIONS WITH INVESTORS

- 17.1 The Board shall appoint a person with responsibility for relations with investors. This person shall be given the resources necessary to fulfil its function. The Investor Relations Officer may have other duties.
- 17.2 The Investor Relations Officer shall be the first point of contact between investors and the Company. He or she shall be responsible for:
- ❖ providing financial and non-financial information to investors, financial analysts and their representatives in a timely and accurate way
 - ❖ reporting investor concerns to the Board
 - ❖ ensuring that provisions of the Acts and Directives regarding communications with investors and shareholders are met.

18.0 INTERACTIONS WITH OTHER STAKEHOLDERS

- 18.1 Except where directed by the Chairman or the Managing Director, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must be made only by specifically designated representatives of the Company.
- 18.2 If a Director receives any enquiry relating to the Bank from the media, securities analysts, brokers or investors, including informal social contacts, the Director should decline to comment and refer them to the Company's Managing Director or the Bank's Communications Department.

19.0 RELATED PARTY TRANSACTIONS

- 19.1 The Board shall adopt a related party transactions policy to identify relevant related parties to the company and any transactions with related parties that may take place and which specifies procedures to be adopted that will mitigate the risk that such transactions may be conducted in a way that constitutes a conflict of interest or which is against the interests of shareholders as a whole.
- 19.2 The procedures shall include but not be limited to the following requirements:
- ❖ Any transaction that is identified by any one Director as a related party transaction shall be subject to the related party transaction procedures
 - ❖ Any related party transaction shall be referred to the Audit Committee for review
 - ❖ The Audit Committee may determine that a related party transaction is sufficiently material to be referred to shareholders for approval
 - ❖ Any related party transaction not designated as material under this section shall be subject to approval by the Board and any vote by the Board shall exclude those with a conflict of interest or any interest in the related party or the transaction
 - ❖ Where the Board (excluding those not entitled to vote under this section) does not unanimously approve the related party transaction, it shall be referred to the shareholders for approval

Any related party transactions that are approved by the shareholders shall be identified in the Annual Report.

20.0 CONFLICTS OF INTEREST AND SANCTIONS

- 20.1 The Board of Directors owe the Bank and its Shareholders the fiduciary duties of care, loyalty and the duty to comply with the corporate authority. Accordingly, Directors must at all times act in good faith and with candor, avoid all potential, perceived or actual conflicts of interest situations and activities that could create conflict of interest and always act in the best interests of the Bank and in compliance with all applicable laws, the Directives, the Bank's Articles of Incorporation, Constitution and this Charter.
- 20.2 The Board shall adopt a protocol for avoiding conflicts of interest by Board members which shall be regularly reviewed and updated and shall include:

- ❖ a requirement that each Director shall declare an appointment and annually any outside appointments and any holdings of securities and shall immediately disclose any transactions in securities.
- ❖ the procedures for considering whether a Director's outside appointments or securities holdings or transactions, or any other matter amount to a conflict of interest that a reasonable person would conclude was likely to influence that Director when considering a matter before the Board.
- ❖ the supply of information and training on the provisions relating to any abuse or misuse of position of Director.
- ❖ Directors do not seek or accept for themselves or others, gifts or benefits that could reasonably be perceived as influencing them.
- ❖ a requirement that Directors make full disclosure of the conflicts of interest at meetings of the Board. Such disclosures must be recorded in the minutes of the Board meeting.
- ❖ a Director who has a conflict of interest in a matter should be absent from the meeting while the Board is considering that matter and prohibit the affected Director from taking part in any decision of the Board on that matter, or if necessary resign from the Board if the conflict of interest appears to be too severe to permit the Director to remain a member of the Board.
- ❖ Directors are prohibited from having an interest in any group or entity with the intention to affect the price or performance of any instrument issued by the Bank and publicly traded on the Stock Exchange.

20.3 Directors found culpable of conflict of interest shall be removed from the Board without any payment of compensation or damages.

21.0 CODE OF ETHICS

21.1 The Board shall adopt a Code of Ethics and circulate it to staff.

21.2 All staff shall be required to review and abide by the Code of Ethics. Directors and staff should confirm in writing, annually that they have read and understood the Code of Ethics.

21.3 The Code of Ethics shall:

- ❖ commit the Company to the highest standards of professional behaviour and business conduct
- ❖ be developed in association with management and staff
- ❖ receive total commitment in respect of its implementation from the Board and the Managing Director
- ❖ be sufficiently detailed as to give clear guidance to users, especially with respect to the conduct to be adopted where a staff is faced with circumstances that the Board considers may pose a risk to the standards of conduct it considers appropriate or may create a conflict of interest;
- ❖ give details of the sanctions that should apply when the Code is breached; and
- ❖ be reviewed regularly and updated when necessary.

21.4 The implementation of the Code of Ethics shall be monitored by the Audit Committee and reviewed regularly. The Committee shall report to the Board no less frequently than annually.

22.0 MANAGEMENT INFORMATION

22.1 The Board shall identify, document and regularly consider information it considers necessary to monitor:-

- ❖ the operation of the business
- ❖ the discharge of the Board's obligations
- ❖ the nature and magnitude of risks
- ❖ the effectiveness of risk mitigation policies
- ❖ the financial performance and position of the Bank
- ❖ the exposure to market and other risks by the market operator, and
- ❖ other matters it considers necessary.

22.2 The Board shall ensure that the Management of the Bank has responsibility for maintaining the security, availability, reliability and integrity of the management information.

22.3 It shall be the responsibility of each Board member to make reasonable enquiries to inform himself of the factors affecting the issues before the Board and to seek further information from within or outside the market operator as they consider appropriate.

23.0 REVIEW AND PUBLICATION OF THE BOARD CHARTER

23.1 Key features of the Charter may be outlined in the Bank's Annual Report.

23.2 This Charter will be reviewed by the Board of Directors from time to time to ensure it remains relevant and consistent with the Board's objectives and responsibilities as outlined in the Acts, Directives and the Constitution.

BOARD COMMITTEES TERMS OF REFERENCE

A THE AUDIT COMMITTEE

1.0 MEMBERSHIP

- 1.1 The Audit Committee is appointed by and reports to the Board.
- 1.2 The Audit Committee shall comprise solely of Independent Non-Executive Directors who are competent in accounting, auditing, finance and statutory and regulatory requirements relating to the operational, accounting and financial reporting obligations of the business.
- 1.3 Only members of the Committee have the right to attend Committee meetings.
- 1.4 The Internal Auditor shall attend all Audit Committee meetings.
- 1.5 The Chairman of the Committee may invite any member of the Board or Management to attend all or any part of the Committee meeting.
- 1.6 The Board shall appoint the Committee Chairman who shall be a Chartered Accountant and shall not chair the Board or any other Committee. In the absence of the Committee Chairman the remaining members present shall elect one of their members to chair the meeting.

2.0 AUTHORITY

- 2.1 The Audit Committee's authority has been delegated to it by the Board of Directors.
- 2.2 The Audit Committee is authorized to:
 - 2.2.1 approve the Bank's quarterly unaudited Financial Statements for regulatory reporting and publication.
 - 2.2.2 seek any information it requires from any employee of the Bank in order to perform its duties.
 - 2.2.3 obtain, at the Bank's expense, independent professional advice on any matter it believes it necessary to do.
 - 2.2.4 Conduct meetings with the Group's Internal and External Auditors as necessary.

3.0 QUORUM

- 3.1 The quorum necessary for the transaction of business shall be three members, at least one of whom shall be an Independent Director.

4.0 FREQUENCY OF MEETINGS

- 4.1 The Audit Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycles and otherwise as required.

5.0 INDUCTION PROGRAMME

Within one month following the appointment of any new member(s), the Chairman shall arrange for the proper induction of the new member(s) to ensure that each member is knowledgeable of the duties and responsibilities as well as the Bank's business operations and risks. Such induction programme may include, but is not limited to the following: -

- (i) an overview of member(s) duties and other obligations
- (ii) an overview of relevant legislation, regulatory framework, policies and practices that apply to the Audit Committee
- (iii) an overview of the Bank's Audit Policy.

6.0 ANNUAL GENERAL MEETING

6.1 The Committee Chairman shall attend the Annual General Meeting to answer Shareholder questions on the Committee's activities.

7.0 RESPONSIBILITIES

7.1 The Audit Committee is responsible for:-

- 7.1.1 providing oversight on the integrity of the operational and financial reporting process including the establishment of accounting policies and practices, regulatory filings and the risk environment and shall report to the Board on these matters.
- 7.1.2 framing and approving policy on internal audit and financial reporting
- 7.1.3 providing oversight of the internal and external audit functions
- 7.1.4 reviewing and approving the audit scope and frequency
- 7.1.5 receiving key audit reports and ensuring that Management is taking the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, guidelines and other issues identified by the Auditors
- 7.1.6 making recommendations to the Board with respect to the effectiveness of internal controls with a view to strengthening the Bank's control environment
- 7.1.7 considering the major findings of internal investigations and Management's responses
- 7.1.8 commissioning and reviewing internal audit reports on major transactions and other transactions, where requested by the Director with particular responsibility for relations with Minority Shareholders and to consider and report on the effect of such transactions on the rights of Minority Shareholders

7.1.9 reviewing investments and transactions that could adversely affect the Bank

7.1.10 the appointment, compensation and removal of auditors.

8.0 DUTIES

The Audit Committee shall carry out the following duties:

8.1 Financial Reporting

8.1.2 Monitor the integrity of the Financial Statements and Reports and review analysis prepared by Management and/or the External Auditor setting out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of the IFRS and Bank of Ghana methods on the financial statements.

8.1.3 Review the contents of the audited Annual Report and Financial Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Bank's performance, business model

8.1.4 Advise the Board on whether, taken as a whole the Annual Report and Financial Accounts it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Bank's performance, business model and strategy.

8.1.5 Review the unaudited quarterly financial statements with Internal Audit, Management and the External Auditors, including the Bank's disclosures under "Managing Director's Discussion and Analysis".

8.1.6 Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include, but are not limited to:

- (i) complex or unusual transactions and highly sensitive areas
- (ii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Bank's selection or application of accounting principles
- (iii) the effect of regulatory, accounting initiatives and reporting developments as well as off-balance sheet structures on the financial statements of the Bank.

8.1.7 Review with Internal Audit, Management and the External Auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the external scope of the External Auditor's activities or on access to requested information, and any significant disagreements with Management.

8.1.8 Review and approve any formal announcements and press releases relating to the Bank's financial performance (particularly use of "proforma," or "adjusted" non-IFRS information), as well as financial information and earnings guidance provided to Shareholders, Analysts and

Rating Agencies (including prospectus and information on Rights Issues). This review may be general (i.e. the types of information to be disclosed and the type of presentations to be made). The Audit Committee does not need to discuss each release in advance.

- 8.1.9 Review the Bank's annual revenue and capital expenditure budget and advise the Board on its robustness and efficacy, taking into account the agreed strategic direction of the Bank and the macroeconomic and financial environment.
- 8.1.10 Recommend to the Board the dividend payments to Shareholders based on financial results.
- 8.1.11 Approve and review legal action taken against the Bank or any threat of legal action against Bank where the claim is equal to or more than US\$1,000,000 (the Cedi equivalent) or where the issue to be litigated is likely to be of public interest.

8.2 **Internal Audit**

- 8.2.1 Review the adequacy, scope, functions, effectiveness of the internal audit function, approve the Charter of the Internal Audit function and ensure the function has the necessary resources and access to information to enable it to fulfill its mandate and to perform in accordance with appropriate professional standards for internal auditors.
- 8.2.2 Appoint an Internal Auditor who shall have appropriate qualification which may be prescribed by the Regulators.
- 8.2.3 Ensure there are no unjustified restrictions or limitations on the internal audit function and review and concur in the replacement or dismissal of the Internal Auditor.
- 8.2.4 Determine and document the responsibilities of the Internal Auditor which shall include:
 - ❖ evaluation of the effectiveness of internal controls, risk management and management information systems;
 - ❖ evaluation of the integrity of the Bank's dealing practices (where appropriate) and of the controls in place to ensure clients are treated fairly, honestly and professionally;
 - ❖ evaluation of the effectiveness of procedures to segregate duties.
 - ❖ reporting on the results of its evaluation and any material breaches of internal controls to the Board;
 - ❖ reporting to the Board (or the Audit Committee) no less frequently than annually; and
 - ❖ performing any other duty that the Board may regard as appropriate, provided that it does not conflict with the duties of an internal auditor.
- 8.2.5 Ensure that the Internal Auditor:-
 - (i) has sufficient seniority, authority and skills to carry out the tasks;
 - (ii) designs an annual audit plan that is subject to the approval of the Board (or Audit Committee);
 - (iii) has the right to report directly to the Board;
 - (iv) has direct access to the Board Chairman and the Committee Chairman and is accountable to the Audit Committee;

- (v) is able, without seeking any other prior authority
 - ❖ to examine all books, documents and other records, in whatever media they are held; and
 - ❖ to interview any Board member, employee, agent or other relevant person about any aspect of their work.

8.2.6 Review and monitor the adequacy of Management's responsiveness to the internal and external audit findings and recommendations.

8.2.7 Review disclosures made by Management about significant deficiencies in the design or operation of internal controls or any fraud that involves Management or other employees who have a significant role in the Bank's internal controls

8.2.8 Meet with the Head/Internal Audit at least once a year without the presence of Management.

8.2.9 Monitor and review the effectiveness of the Bank's internal audit function, in the context of the Bank's overall risk management system

8.2.10 Review the internal audit work plan and results on the internal audit process which shall include an assessment of the overall procedures the Bank follows in the management of its risk exposures and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.

8.2.11 Ensure that the internal audit function is independent of the activities of the Bank and is performed with impartiality, proficiency and due professional care.

8.2.12 Approve the appointment or termination of senior staff members of the Internal Audit.

8.2.13 Review any appraisal or assessment of the performance of members of the internal audit function.

8.2.14 Consider the implications of the resignation of internal audit staff members and provide the resigning staff members an opportunity to submit reasons for resigning.

8.3 **External Audit**

8.3.1 Consider and make recommendations to the Board, to be put to Shareholders for approval at General Meeting, on the appointment, re-appointment and removal of the Bank's External Auditors.

8.3.2 Oversee the relationship with the External Auditors including (but not limited to):

- 8.3.2.1 Recommendations on their remuneration, ensuring that the level of fees is appropriate to enable effective and high quality audits to be conducted.

- 8.3.2.2 Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- 8.3.2.3 Assessing annually their independence and objectivity.
- 8.3.2.4 Satisfying itself that there are no relationships between the External Auditors and the Bank (other than in the ordinary course of business) which could adversely affect the Auditors' independence and objectivity.
- 8.3.2.5 Keeping under review annually the qualifications, expertise and resources of the External Auditors and the effectiveness of the audit process.
- 8.3.2.6 Seeking to ensure co-ordination with the activities of the internal audit function.
- 8.3.2.7 Evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the External Auditors from the market in that evaluation.
- 8.3.3 Arrange for the financial statements to be audited by the External Auditor in accordance with the Acts, the Accounting Standards adopted by the Institute of Chartered Accountants (Ghana) and any other requirements prescribed by the Regulators.
- 8.3.4 Meet regularly with the External Auditors (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 Auditors' remit (before an audit commences, the nature and scope of the audit) and any issues arising from the audit.
- 8.3.5 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.
- 8.3.6 Review any representation letter requested by the External Auditors before they are signed by Management.
- 8.3.7 Review the Management letter and Management's response to the Auditors' findings and recommendations.
- 8.3.8 Discuss problems and reservations arising from the interim and final audits and any matter the External Auditor may wish to discuss (in the absence of Management where necessary).
- 8.3.9 Be a channel of communication between the external audit function and the Board.
- 8.3.10 Prior approval of the Audit Committee in hiring of employees or former employees of the External Auditors

8.4 **Compliance Monitoring and Review**

8.4.1 The Committee shall:

- (i) review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- (ii) establish and approve procedures for:
 - ❖ the receipt, retention, and treatment of complaints received by the Bank regarding accounting, internal accounting controls, or auditing matters; and
 - ❖ the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (iii) review the findings of any examinations by Regulatory Agencies and any Auditor observations
- (iv) review and approve the process for communicating the Code of Conduct to Staff, personnel and for monitoring compliance.

8.5 **Related Party Transactions**

8.5.1 All related party transactions shall be referred to the Audit Committee for review.

8.5.2 Related party transactions shall be conducted in accordance with the Bank's Related Party Policy.

8.5.3 The Committee shall consider and report on any related party transactions that may arise within the Bank or group, assessing in particular whether the terms are consistent with an arm's length transaction and whether or not they are in the long term interests of the Bank and Group as a whole.

8.5.4 The Committee shall determine whether the related party transaction is material or not.

- (i) If the transaction is not designated as sufficiently material it shall be referred to the Board Credit Committee for consideration
- (ii) If the Committee determines that the transaction is sufficiently material it shall be referred to Shareholders at General Meeting for approval.

8.6 **Whistle Blowing and Fraud**

The Committee shall ensure the Bank has appropriate systems and controls:

8.7.1 for detection of fraud

8.7.2 for the prevention of bribery

8.7.3 and protections for allowing employees and contractors to disclose any information to the Regulators or other appropriate bodies involved in the prevention of market misconduct, financial crime, money laundering or terrorist financing. The procedures shall be designed to protect an employee who makes the appropriate disclosure in good faith from any retaliatory action by other employees or the Bank itself.

9.0 REPORTING RESPONSIBILITIES

9.1 The Committee shall report annually to the Board on its proceedings on all matters within its duties and responsibilities and on how these have been discharged. The report shall include:-

- 9.1.1 significant issues that it considered in relation to the financial statements and how these were addressed.
- 9.1.2 the effectiveness of the external audit process and its recommendation on the appointment or re-appointment of the External Auditor.
- 9.1.3 confirmation that the External Auditor was independent, appropriately qualified and acted with due care.
- 9.1.4 the Bank's major infractions in complying with legal and regulatory requirements.
- 9.1.5 areas of significant risk within the financial accounting, reporting and control systems and associated with the non-compliance with laws and litigation.
- 9.1.6 the approval of non-audit services carried out by the External Auditor
- 9.1.7 any other relevant matters referred to the Committee by the Board.

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.

10.0 OTHER MATTERS

10.1 The Audit Committee shall have adequate resources and authority to discharge its responsibilities and investigate any matter within its terms of reference.

10.2 The Committee shall arrange for periodic reviews of its own performance and, at least annually, 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.

B THE ENTERPRISE RISK COMMITTEE

1.0 MEMBERSHIP

- 1.1 The Enterprise Risk Committee is appointed by and reports to the Board.
- 1.2 The Committee shall comprise solely of Non-Executive Directors, at least one of whom shall be an Independent Director, and the majority of whom shall have recent and relevant financial experience ideally with a professional qualification.
- 1.3 Only members of the Committee have the right to attend Committee meetings.
- 1.4 The Chief Risk Officer and the Heads of Finance, Corporate Banking, Commercial & Retail Banking and Internal Auditor shall be invited to attend meetings.
- 1.5 The Chairman may invite other members of the Board, Management or the External Auditor to attend all or any part of a Committee meeting if necessary.
- 1.6 The Chairman of the Committee shall be appointed by the Board who shall be an experienced Independent Director knowledgeable in risk management, finance, accounting, economics and other business skills. In the absence of the Committee Chairman the remaining members present shall elect one of their members to chair the meeting.
- 1.7 The membership of the Committee shall exclude the Chairman of the Board.

2.0 AUTHORITY

- 2.1 The Enterprise Risk Committee's authority has been delegated to it by the Board of Directors.
- 2.2 The Enterprise Risk Committee is authorized to:-
 - 2.2.1 seek any information it requires from any employee of the Bank in order to perform its duties.
 - 2.2.2 obtain, at the Bank's expense, independent professional advice on any matter it believes it necessary to do.

3.0 QUORUM

- 3.1 The quorum necessary for the transaction of business shall be three members at least one of whom shall be an Independent Director.

4.0 FREQUENCY OF MEETINGS

- 4.1 The Enterprise Risk Committee shall meet at least four times a year at appropriate intervals and otherwise as required.

4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Bank's governance, including the Board Chairman, the Managing Director and the Chief Risk Officer.

5.0 ANNUAL GENERAL MEETING

5.1 The Committee Chairman shall attend the Annual General Meeting to answer Shareholder questions on the Committee's activities.

6.0 RESPONSIBILITIES

6.1 The Enterprise Risk Committee shall be responsible for taking account of the current and prospective macroeconomic and financial environment to oversee, review and advise the Board on the Bank's:-

6.1.1 risk management framework and oversight function

6.1.2 current and future strategy for various risks including AML/CFT at least annually

6.1.3 risk culture which effectively communicates and demonstrates accountability for risks

6.1.4 types of risk exposures of the Bank, the techniques and systems used to identify, measure and monitor, report and mitigate those risks

6.1.5 overall current and future risk tolerance, risk appetite and the risk appetite statement

6.1.6 appropriateness of the corporate strategic plan in the context of the risk appetite

6.1.7 implementation and management of the Bank's risk strategy within the approved risk appetite

6.1.8 risks involved in new activities of the Bank (including new products that are significantly different from existing ones, creation of new types of exposure, new market, etc).

6.2 In all assessments the Committee shall:-

6.2.1 consider all the risks involved in the new activity

6.2.2 check the mechanisms the Bank uses in measuring and controlling the risks

6.2.3 set quantitative limits required as a result of the risks inherent in the activity

6.2.4 ascertain that the Bank has the necessary manpower, source of finance and the technological infrastructure to ensure the proper absorption and management of the activity and its consistency with the Bank's.

7.0 DUTIES

The Enterprise Risk Committee shall:

7.1 Risk Management

- 7.1.1 Challenge the assessment and measurement of key risks of the Bank.
- 7.1.2 Provide advice, oversight, encouragement and set the correct tone necessary to embed and maintain a supportive risk culture throughout the Bank
- 7.1.3 Provide high level oversight and critique on the day-to-day risk management and oversight arrangements of Senior Management
- 7.1.4 Provide high level oversight and critique of the design and execution of the scenario analysis and stress-testing of the Bank
- 7.1.5 Review the internal capital adequacy assessment and internal liquidity adequacy assessment of the Bank
- 7.1.6 Review the external risk information disclosures including Annual Report and Financial Accounts and quarterly disclosures of the Bank
- 7.1.7 Provide oversight and critique of due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board
- 7.1.8 Provide high level oversight of the strategies for capital, liquidity and cyber security as well as for all relevant risks of the Bank such as credit, markets, operational, compliance and reputational risk to ensure they are consistent with the stated risk appetite.
- 7.1.9 Provide an independent review and critique on:-
 - (i) the Bank's risk management framework including policies
 - (ii) the composition of the risk portfolios and concentrations
 - (iii) the risk-taking decisions of the Bank covering all aspects of risk exposures including credit, market, liquidity, operational and country risks.
- 7.1.10 Review and monitor the risk exposures of the Bank through the review of:-
 - (i) risk profile of the Bank against the risk appetite, approved limits and risk trends
 - (ii) Management reports on the nature and extent of risk exposures
 - (iii) key performance indicators on risk, controls and compliance; and
 - (iv) current risk exposures and future risk strategy, considering the macro-economic environment.
 - (v) the Bank's litigation portfolio.
- 7.1.11 Conduct an evaluation (or seek an independent evaluation) of its risk assessment and the effectiveness of its risk management process at least once a year. The Board shall review the

results of that evaluation and take any necessary actions. The results of the review, the actions taken and the reasons for such actions (if any) shall be documented.

- 7.1.12 Assess the risks of the Bank. This shall include, where relevant, any risks arising from:
- ❖ products or services or activities provided
 - ❖ new products or services or activities
 - ❖ facilities offered
 - ❖ clients targeted
 - ❖ financial management of the Bank
 - ❖ financial capital applied to the Bank
 - ❖ human resources available to the Bank
 - ❖ technology infrastructure
 - ❖ information held by the Bank
 - ❖ potential for internal fraud
 - ❖ potential misuse of the products, services, or facilities for the purposes of money laundering, financing of terrorism or other abuses as defined in the Anti-Money Laundering Act 2020 (Act 1044) and the Anti-Terrorism Act 2008 (Act 762)
 - ❖ risks arising from proprietary trading
 - ❖ risks arising from the transfer of functions to agents or third party service providers; and
 - ❖ any other market, credit, operational, settlement, counterparty, regulatory, legal and other risks.

The assessment of risks shall include the risks to the Bank arising from any other activities in which it is engaged or arising from the activities of any member of a group of which the Bank is a member.

- 7.1.13 Keep under review, establish and recommend to the Board:
- (i) the Bank's overall current and future risk appetite and risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative matrices are used and the parameters used in these measures
 - (ii) the standard set for the accurate and timely monitoring of large exposures and risk types of critical importance
 - (iii) the Bank's capability to identify and manage new risk types
 - (iv) reports on any material breaches of risk limits and the adequacy of the proposed action.
- 7.1.14 Advise the Board on proposed strategic transactions ensuring that due diligence of the propositions is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Bank and taking independent external advice where appropriate.

- 7.1.15 Consider and approve the remit of the risk management function and ensure that it has adequate resources and appropriate access to information and processes in place to enable it to perform its functions effectively and in accordance with approved risk policies and relevant professional standards.
- 7.1.16 Adopt an internal organisational structure, policies and procedures designed to mitigate the risks it has identified and to maintain risk management, financial and operational control. The risk assessment and the policies and procedures shall be:
- ❖ documented and
 - ❖ communicated to staff.
- 7.1.17 Ensure the risk function has adequate independence and is free from Management and other constraints.
- 7.1.18 Adopt and keep under review contingency plans for maintaining business continuity in the event of certain specified risks, including:
- ❖ technology failure
 - ❖ loss of access to the Bank's main offices due to pandemic or acts of God
 - ❖ loss of or access to record
 - ❖ default or failure of a counterparty and
 - ❖ loss of key personnel.
- 7.1.19 Ensure that the contingency arrangements are tested at least once a year.
- 7.1.20 Receive regular reports and communication from the Chief Risk Officer and other relevant functions about the Bank's current risk profile, current state of the risk culture, utilization against the established risk appetite and limits, limit breaches and mitigation plans.
- 7.1.21 Safeguard the Bank's compliance with its stated risk appetite, policies and procedures related to risk management governance and the risk control framework.
- 7.1.22 Review and monitor Management's responsiveness to the findings and recommendations of the Chief Risk Officer.
- 7.1.23 Ensure the Chief Risk Officer has the right of unfettered direct access to the Chairman of the Board and to the Committee.
- 7.1.24 Recommend to the Board the appointment and/or removal of the Chief Risk Officer.
- 7.1.25 Perform any other assignments relating to the management of risk in the Bank that may be delegated by the Board.
- 7.2 **Compliance**
- 7.2.1 Oversight of the management of the AML/CTF&P Compliance Program.

- 7.2.2 Review and approval of the AML/CTF&P Compliance Program (at least annually) policies and manuals.
- 7.2.3 Review of the results of:-
(i) AML examinations
(ii) Compliance reviews
(iii) Audits and independent testing and corrective actions planned or taken in response.
- 7.2.4 Monitor ongoing AML activities and issues, including but not limited to:
(i) key risks and compliance concerns detected as part of the AML/CTF&P Compliance Program
(ii) summaries of and trends concerning STRs and significant STR filings
- 7.2.5 Understanding the potential impact on the Bank of changes in applicable AML laws, regulations, regulatory guidance and industry practices.
- 7.2.6 Designate a person as Compliance Officer who shall be independent of any operational divisions of the Bank.
- 7.2.7 A Compliance Officer shall have completed and passed the appropriate courses organised by the Ghana Investment and Securities Institute (GISI) or any other course recognised by the Commission (unless the Commission grants a waiver of course requirement where a director, officer or employee shows evidence of appropriate and suitable alternative qualifications and experience).
- 7.2.8 The functions of the Compliance Officer (subject to the overall responsibility of the Board for compliance with regulatory requirements) shall include the following:
❖ advise the Board on the policies and procedures necessary to comply with the regulatory requirements to which the Bank is subject;
❖ ensure that the Bank notifies the Commission of all changes in licensing particulars;
❖ monitor the effectiveness of internal controls, in mitigating risk, ensuring compliance with regulatory requirements and implementing the Board's strategy and policies;
❖ ensure that all relevant persons are aware of the regulatory requirements, including, employees and agents;
❖ report material breaches to the Board;
❖ report to the Board any disciplinary action taken by the Commission against the Bank;
❖ report to the Board the results of any inspections or investigations conducted by the Commission; and
❖ report no less frequently than annually to the Board on the adequacy of the internal controls in mitigating risk, ensuring compliance with regulatory requirements and implementing the Board's strategy and policies.
❖ any other function that the Commission may prescribe from time to time.
- 7.2.9 Ensure that the Compliance Officer:
❖ has sufficient seniority, authority and skills to carry out the tasks;
❖ has direct access to the Board;

- ❖ is able, without requiring any other prior authority:
 - to examine all books, documents and other records, in whatever form they are held; and
 - to require any Board member, employee, agent or other relevant person to answer questions about any aspect of their work.

7.2.10 Review the Compliance Officer's report, take appropriate action and document it.

7.3 **Internal Controls**

7.3.1 Adopt an internal organizational structure, policies and procedures that are appropriate for the business of the Bank. The Committee shall also be responsible for monitoring Management in ensuring adherence to internal controls.

7.3.2 Adopt policies and procedures designed to ensure the business of the Bank is conducted in a diligent, honest and proper manner and in accordance with:

- ❖ Board policies
- ❖ applicable requirements imposed by the Acts, other applicable statutes, or by a self-regulatory organization of which the Bank is a member.

7.3.3 Adopt a procedures manual that includes a description of the internal controls.

7.3.4 Ensure that each employee is provided with a copy of the procedures manual.

7.3.5 Ensure that for each employee (except where the Committee determines that the nature of the position or class of position makes it unnecessary and documents its reasons):

- ❖ there is a description of the duties of the position;
- ❖ the employee knows the standards of conduct that are expected of them;
- ❖ there is a description of the authority and responsibility of the position holder, of the key areas of discretion of the position, which shall include a description of the limits of that discretion and the criteria to be applied in exercising that discretion;
- ❖ the description of duties for each employee shall define the extent to which that employee may commit the Bank to expenditure, market positions or other financial commitments; and
- ❖ there is a designated person who has oversight responsibility for the officer occupying the position and for ensuring that discretion is exercised in accordance with the established parameters.

7.3.6 Ensure that there are adequate financial controls, including the determination of what should be regarded as a significant financial commitment and a requirement for at least two signatures prior to the Bank accepting such a commitment.

7.3.7 Ensure that there are adequate controls to protect the security, availability, reliability and integrity of information collected and stored by the Bank.

- 7.3.8 Adopt controls that are appropriate for mitigating the risks associated with proprietary trading by the Bank itself and to mitigate risks to the Bank's own position or credit limits arising when clients are able to use the Bank's facilities to access the securities market directly.
- 7.3.9 Have appropriate arrangements for protecting against the risks involved when payments are made or accepted in cash, including but not limited to the risk that such payments may be made in cash as part of a fraudulent scheme or to engage in money laundering as defined in the Anti-Money Laundering Act 2020 (Act 1044).
- 7.3.10 Make arrangements to segregate duties within the Bank, (except where the Commission has agreed in writing that such segregation is unnecessary) between:
- ❖ those responsible for making payments
 - ❖ those responsible for incurring financial, investment or trading commitments
 - ❖ those responsible for verifying that financial investment and trading commitments are entered into according to the policies of the market operator
 - ❖ those responsible for keeping books and preparing accounts and
 - ❖ any duties and functions which, if performed by the same individual, may result in undetected errors, or may be susceptible to abuses which expose the Bank or its clients to inappropriate risks.
- 7.3.11 Ensure that information in the possession of the Bank is subject to adequate protection of confidentiality, taking into account statutory obligations and the duty of confidentiality to all whose personal information is held by the Bank.
- 7.3.12 Where the Committee determines that it is appropriate and consistent with statutory and regulatory obligations to disclose confidential information to others as part of its business, it shall take reasonable steps to ensure that the recipient of the information affords the confidential information appropriate protection.

8.0 REPORTING RESPONSIBILITIES

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings on all matters within its duties and responsibilities and on how it has discharged its responsibilities. The report shall include any other issues on which the Board has requested the Committee's opinion.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.0 OTHER MATTERS

- 9.1 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

C THE BOARD CREDIT COMMITTEE

1.0 MEMBERSHIP

- 1.1 The Board Credit Committee is appointed by and reports to the Board.
- 1.2 The Committee shall comprise at least three Non-Executive Directors, at least one of whom shall be an Independent Director.
- 1.3 Only members of the Committee have the right to attend Committee meetings.
- 1.4 The Chairman may invite members of Management to attend all or any part of a Committee meeting if necessary.
- 1.5 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman the remaining members present shall elect one of their member to chair the meeting.

2.0 AUTHORITY

- 2.1 The Board Credit Committee's authority has been delegated to it by the Board.
- 2.2 The Committee is authorized to:
 - 2.2.1 Take business decisions outside normal Board Meeting dates.
 - 2.2.2 Approve credit facilities up to the Bank's single obligor limit
 - 2.2.3 Seek any information it requires from any employee of the Bank in order to perform its duties.
 - 2.2.4 Obtain, at the Bank's expense, independent professional advice on any matter it believes it necessary to do.

3.0 QUORUM

- 3.1 The quorum necessary for the transaction of business shall be three members, at least one of whom shall be an Independent Director.

4.0 FREQUENCY OF MEETINGS

- 4.1 The Committee shall meet at least four times a year and otherwise as required.

5.0 ANNUAL GENERAL MEETING

- 5.1 The Committee Chairman shall attend the Annual General Meeting to answer Shareholder questions on the Committee's activities.

6.0 DUTIES

The Committee shall exercise credit governance oversight and carry out the following duties:-

- 6.1 To review all credit management policies, review and monitor the effectiveness and application of credit risk management policies, related standards and procedures including credit risk appetite and credit limits and concentration, and make appropriate recommendations to the Board. All policies should be reviewed at least annually.
- 6.2 To monitor general economic industry and market conditions from a credit risk perspective and review the control environment with respect to credit decisions and make recommendations where appropriate.
- 6.3 To provide an oversight role and to review on a regular basis the quality of Management Credit Committee lending decisions.
- 6.4 To consider all credit facilities between US\$1.3 million and US\$3 million with Republic Bank Limited's favourable opinion.
- 6.5 To consider and review all credit facilities within the limits set by the Board and ensure facilities approved by the Board Credit Committee (i.e. above US\$3 million) are notified to the Board.
- 6.6 To review delegated lending mandates at least annually and make appropriate recommendations to the Board.
- 6.7 To review quarterly reports and trend analysis relating to the credit quality and risk profile of the risk assets and monitor the format of statistical reporting to the Board.
- 6.8 To ensure there are adequate resources in place to effectively assess, manage and monitor the risk assets.
- 6.9 To consider risks associated with new lending products and recommend any specific controls considered appropriate to Management and the Board.
- 6.10 To review the results of stress testing of the Bank's risk assets portfolio bi-annually.
- 6.11 To review reports on arrears levels together with statistical/trend analysis and specific reports on accounts with provisions, or properties in possession, or where new provisions are to be/or have been made.
- 6.12 To regularly review the loan loss provisioning models/policies of the Bank to ensure they remain relevant and make recommendations to the Board.
- 6.13 To provide a forum for discussion of all credit related matters with regard to the risk assets and report to the Board as appropriate.

7.0 CONFLICTS OF INTEREST

7.1 Members of the Board Credit Committee must pay particular attention to the avoidance of conflict (or potential conflict) of interest in any business of the Committee. A Director who has a conflict of interest in a transaction should be absent from the meeting while the Committee is considering that transaction and should not take part in any decision making on the matter.

7.2 Conflict of interest matters shall be subject to the Board's Conflict of Interest Policy and the conflict of interest provisions in this Board Charter.

7.3 Directors shall declare and make full disclosure of the nature and extent of any conflict or potential conflict of interest at the commencement of committee meetings. Disclosures must be recorded in the minutes of the Committee meeting.

8.0 RELATED PARTY TRANSACTIONS

8.1 Related party transactions shall be subject to the Related Party Policy and related party provisions in this Board Charter.

8.2 Any related party transaction shall be referred to the Audit Committee for review.

8.3 The Audit Committee may determine that a related party transaction is sufficiently material to be referred to Shareholders for approval.

8.4 Any related party transaction not designated as material shall be subject to approval by the Board or Board Credit Committee and any vote by the Board or Board Credit Committee shall exclude those with a conflict of interest or any interest in the related party or the transaction.

8.5 The following transactions with a related party shall not be designated as material and as such shall be subject to the approval of the Board or the Board Credit Committee regardless of the amount:

- i. Writing off/writing down of the principal in respect of debts due from a related party
- ii. Compromising of the principal with respect to the debts due from a related party.

8.6 Where the Board or Board Credit Committee (excluding those not entitled to vote) does not unanimously approve the related party transaction, it shall be referred to the Shareholders for approval.

9.0 OTHER MATTERS

9.1 The Committee shall arrange for periodic reviews of its own performance and, at least annually, 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.

D THE REMUNERATION AND NOMINATIONS COMMITTEE

1.0 MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the Board.
- 1.2 The Committee shall comprise at least three members, all of whom shall be Non-Executive Directors.
- 1.3 The Board shall appoint the Committee Chairman.
- 1.4 In the absence of the Committee Chairman, the remaining members present shall elect one of their member to chair the meeting.
- 1.5 The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 1.6 Only members of the Committee have the right to attend Committee meetings. Individuals such as the Managing Director, the Head of Human Resources and other external advisers may be invited to attend all or part of any meeting, as and when appropriate and necessary.

2.0 AUTHORITY

- 2.1 The Remuneration & Nominations Committee's authority has been delegated to it by the Board of Directors.
- 2.2 The Committee shall have authority to obtain, at the Bank's expense, external professional advice on any matters within its terms of reference.
- 2.3 The Committee shall have authority to appoint consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Bank but within any budgetary restraints imposed by the Board.
- 2.4 The Committee shall establish the selection criteria, selecting, appointing and setting the terms of reference for any consultants who advise the Committee.

3.0 QUORUM

- 3.1 The quorum necessary for the transaction of business shall be three.

4.0 FREQUENCY OF MEETINGS

- 4.1 The Committee shall meet at least twice a year or otherwise as required.

5.0 ANNUAL GENERAL MEETING

5.1 The Committee Chairman shall attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

6.0 DUTIES

The Committee shall carry out the duties detailed below:-

6.1 As to Remuneration:

6.1.1 Set the remuneration policy for all Executive Directors, Senior Management (General Managers and above together referred to as Executive Management) and staff of the Bank including pension rights and any compensation payments.

6.1.2 In determining such policy the Committee shall take into consideration all factors which it deems necessary, including relevant legal and regulatory requirements and good practice. The objective of such policy shall be to attract, retain and motivate Executive Management of the quality and caliber required to successfully run the Bank having regard to the views of Shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Bank and alignment to the Bank's strategic long term goals. A proportion of remuneration could be structured so as to link rewards to corporate, team and individual performance and designed to promote the long-term success of the Bank.

6.1.3 When setting the remuneration policy for Executive Management, to review and have regard to pay and employment conditions across the Bank, especially when determining annual salary increases.

6.1.4 Regularly review the on-going appropriateness and relevance of the remuneration policy.

6.1.5 Within the terms of the agreed policy and in consultation with the Chairman and/or Managing Director as appropriate, determine, recommend, monitor and structure remuneration for Executive Management including bonuses, incentive payments and share options or other share awards.

6.1.5.1 Where share options are adopted as Executive Management remuneration or compensation, it shall be tied to performance and subject to Shareholders' approval at an Annual General Meeting.

6.1.5.2 Where remuneration is tied to performance, it shall be designed in such a way as to prevent excessive risk taking.

6.1.6 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity and advise generally on remuneration.

6.1.7 Approve the design of, and determine targets for, any performance-related pay schemes operated by the Bank and approve the total annual payments made under such schemes.

- 6.1.8 Review the design of all share incentive plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards and the awards to Executive Management and the performance targets to be used.
- 6.1.9 Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Bank, that failure is not rewarded and that the duty to mitigate loss is fully recognized.
- 6.1.10 Oversee any major changes in employee benefits structures throughout the Bank.
- 6.1.11 Agree the policy for authorising claims for expenses from the Directors.
- 6.1.12 The Shareholders shall determine the fees of the Non-Executive Directors. Executive Directors are not entitled to fees.

6.2 **As to Nominations:**

- 6.2.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and identify the current and future needs of the Bank to ensure that the Board has the necessary perspectives, maturity and judgment to effectively pursue their duties in planning and oversight and make recommendations to the Board with regard to any changes.
- 6.2.2 Give full consideration to succession planning for Directors and other Executive Management taking into account the challenges and opportunities facing the Bank, and the skills and expertise needed on the Board in the future.
- 6.2.3 Keep under review the leadership needs of the Bank, both Executive and Non-Executive, with a view to ensuring the continued ability of the Bank to compete effectively in the marketplace.
- 6.2.4 Be responsible for identifying, nominating and selecting for the approval of the Board, candidates to fill Executive Management and Non-Executive vacancies as and when they arise.
- 6.2.5 Develop a skills matrix reflective of the expertise required for an efficient Board and make recommendations to the Board about the criteria and qualifications that they deem appropriate for election as Board Directors.
- 6.2.6 Before any appointment is made to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board. The Directors must also reflect a diverse cross-section of the business and professional community, be highly respected, with significant experience in their respective fields. In identifying suitable candidates, the Committee shall:-
 - (i) consider candidates from a wide range of backgrounds.
 - (ii) consider candidates on merit and against objective criteria, with due regard to the benefits of diversity including gender, taking care that appointees have enough time available to devote to the business of the Board.

- (iii) consider candidates that have the qualifications specified in any applicable law and statute.

- 6.2.7 Adopt a formal documented and transparent procedure for the appointment of the Chairman, Managing Director and other Directors which shall be designed to ensure they are fit and proper and shall include:
- ❖ a documented description of the terms and conditions of the appointment;
 - ❖ a documented description of the skills and qualifications required for the appointment;
 - ❖ a documented description of the factors to be taken into account by the Board when considering how fit and proper the candidate is for the appointment, and the enquiries to be made prior to any appointment;
 - ❖ a determination as to whether the vacancy is for an Executive, Non-Executive or Independent Non-Executive Director;
 - ❖ the investigations that should take place with respect to the skills, qualification, integrity and other matters relating to candidates; and
 - ❖ the process for evaluating the performance of the appointee.
- 6.2.8 Prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
- 6.2.9 Review the results of the Board performance evaluation process that relate to the composition of the Board.
- 6.2.10 Review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.
- 6.2.11 Ensure newly appointed directors are provided with the necessary orientation in banking business in order to enhance their effectiveness in the Board.
- 6.2.12 Work and liaise as necessary with all other Board Committees.
- 6.2.13 The Committee shall also make recommendations to the Board concerning.
- 6.2.13.1 Formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Managing Director.
 - 6.2.13.2 Nomination of Directors including:
 - ❖ The Chairman of the Board
 - ❖ The Chairmen of Committees of the Board
 - ❖ Appointments to Boards of subsidiaries within the Group.
 - 6.2.13.3 Membership of the Board Committees, in consultation with the Chairman of those Committees.

- 6.2.13.4 The re-appointment of Non-Executive Directors at the conclusion of their specified term of office having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.
- 6.2.13.5 The re-election by Shareholders of Directors or the retirement by rotation of Directors, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years).
- 6.2.13.6 Any matters relating to the continuation in office of any Director at any time.
- 6.2.14 Employ staff that are fit and proper for their roles and adopt policies and procedures designed to ensure that:
- ❖ employees have the skills, qualifications and experience for their tasks;
 - ❖ the skills available to the Board, taken as a whole, are sufficient to carry out the functions of the Bank;
 - ❖ reasonable steps have been taken to verify employees' experience and qualifications;
 - ❖ reasonable steps have been taken to establish that the employees are of good reputation and there is no evidence of lack of integrity or circumstances that might render the employee vulnerable to improper pressure;
 - ❖ the Board has the right to discipline or, if necessary, remove from its employment, any person who fails to abide by the internal controls or who otherwise fails to meet the standards required by the Board's policies and procedures, or by the Acts, other applicable statutory requirements, Directives or by a self-regulatory organization of which the Bank is a member.
- 6.2.15 Adopt a code of ethics bank-wide for the staff that will set out the minimum standards of conduct and describe the way in which stakeholders shall behave when confronted with circumstances that may pose a risk to the ethical conduct of the Bank or create a conflict of interest.
- 6.2.16 Ensure that the experience and qualifications needed for each position is documented, and shall meet any requirements that may be published by the Commission.
- 6.2.17 Adopt a policy that defines the training that each employee shall be given and this training shall include for each employee the:
- ❖ Bank's relevant internal controls
 - ❖ regulatory and statutory obligations relevant to the employee concerned
 - ❖ duty of care owed to clients; and
 - ❖ code of conduct for employees.

- 6.2.18 Ensure that all training is carried out according to a programme based on the needs of the Bank, the requirements of the Acts, other applicable statute, Directives or by a self-regulatory organization of which the Bank is a member and the training shall be documented.
- 6.2.19 Determine what succession planning arrangements are appropriate and ensure that appropriate succession planning is undertaken and documented.
- 6.2.20 Review its policies for employment and for training regularly and no less frequently than every three years and shall document the results of the review

7.0 REPORTING RESPONSIBILITIES

- 7.1 The Committee shall produce a brief report to be included in the Bank's annual report on the remuneration policy and practices and about its activities.

8.0 OTHER MATTERS

The Committee shall:

- 8.1 Have access to sufficient resources in order to carry out its duties, including access to the Bank's Corporate Secretariat for assistance as required.
- 8.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 8.3 Arrange for periodic reviews of its own performance and, at least annually, 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.
- 8.4 Determine and document the training it considers appropriate for its members including programmes prescribed by the Bank's Regulators.
- 8.5 Arrange training for the Board on corporate governance and the business of the Bank within six months of appointment.
- 8.6 Note that a person is not to be appointed to a Board if he is already a director of another market operator unless that other market operator is a shareholder, subsidiary or affiliate of the market operator to whose Board the appointment is to be made.

F CYBER & INFORMATION SECURITY COMMITTEE

1.0 MEMBERSHIP

- 1.1 The Cyber & Information Security Risk Committee is appointed by and reports to the Board.
- 1.2 The Committee shall comprise solely of Non-Executive Directors, at least one of whom shall be an Independent Director, and the majority of whom shall have recent and relevant experience ideally with a professional qualification.
- 1.3 Only members of the Committee have the right to attend Committee meetings.
- 1.4 The Chairman may invite members of the Board or Management to attend all or any part of a Committee meeting if necessary.
- 1.5 The Chairman of the Committee shall be appointed by the Board who shall be an experienced Director knowledgeable in information technology security. In the absence of the Committee Chairman the remaining members present shall elect one of their members to chair the meeting.
- 1.6 The membership of the Committee shall exclude the Chairman of the Board.

2.0 AUTHORITY

- 2.1 The Board's Cyber & Information Security Committee's authority has been delegated to it by the Board.
- 2.1 The Cyber & Information Security Committee is authorized to:-
 - 2.1.1 seek any information it requires from any employee of the Bank in order to perform its duties.
 - 2.1.2 obtain, at the Bank's expense, independent professional advice on any matter it believes it necessary to do.

3.0 QUORUM

- 3.1 The quorum necessary for the transaction of business shall be three members at least one of whom shall be an Independent Director.

4.0 FREQUENCY OF MEETINGS

- 4.1 The Cyber & Information Security Committee shall meet at least twice a year at appropriate intervals and otherwise as required.

4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Bank's governance, including the Board Chairman, the Managing Director, Chief Information Security Officer and the Chief Risk Officer.

5.0 ANNUAL GENERAL MEETING

5.1 The Committee Chairman shall attend the Annual General Meeting to answer Shareholder questions on the Committee's activities.

6.0 RESPONSIBILITIES

6.1 The Cyber & Information Security Committee shall be responsible for taking account of the current and prospective macroeconomic, technological and financial environment to oversee, review and advise the Board on:-

6.1.1 cyber & information risk exposures of the Bank

6.1.2 Bank's overall current and future cyber & information security risk tolerance

6.1.3 current and future strategy for various cyber & information security risks

6.1.4 implementation and management of the Bank's cyber & information risk strategy

6.1.5 all aspects of technology security.

7.0 DUTIES

The Cyber & Information Security Committee shall:-

7.1 Determine the Bank's cyber and information security risk management strategy.

7.2 Review institutional policies of cyber and information security, outsourcing, survivability, backup and recovery from cyber incidents and attacks and disaster events.

7.3 Review the annual and other work plans for cyber and information security, business continuity and disaster recovery.

7.4 Receive quarterly and/or immediate reports, as required, about significant cyber and information security incidents.

7.5 Dedicate at least two meetings each year to cyber and information security risks and countermeasures.

7.6 Hold an annual discussion about the adequacy of the Bank's cyber and information security policies and strategies.

7.7 State and extend support for inter-institutional collaboration on cyber and information security defence.

7.8 Ensure effective internal controls and risk management practices are implemented to achieve security, reliability, availability, resilience, and recoverability.

8.0 REPORTING RESPONSIBILITIES

8.1 The Committee Chairman shall report formally to the Board on its proceedings on all matters within its duties and responsibilities and on how it has discharged its responsibilities. The report shall include any other issues on which the Board has requested the Committee's opinion.

8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.0 OTHER MATTERS

9.1 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.