

Terms of Reference

– for –

Audit Committee

FBD Holdings plc

Terms of Reference for the Audit Committee

1. OVERALL PURPOSE AND OBJECTIVES

The Audit Committee is a sub-committee of the Board of Directors (the "Board") of FBD Holdings plc (the "Company"). The Chairman and members of the Committee are appointed by the Board. The Audit Committee assists the boards of both the Company and FBD Insurance plc in fulfilling their oversight responsibilities however the existence of the Audit Committee does not in any way diminish the overall responsibility of the boards for such matters as reviewing and approving the annual reports of the Group and of FBD Insurance plc. The Audit Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process and the Group's process for monitoring compliance with laws and regulations.

The Audit Committee will maintain effective working relationships with Management, the Statutory Auditor and the Head of Internal Audit. Each Committee member will obtain a sound understanding of the Group's business, operations and risk.

In these Terms of Reference, "Group" means FBD Holdings plc and its subsidiary and associated companies as defined under the Companies Acts 1963 to 2009.

2. AUTHORITY

The Board authorises the Audit Committee, within its scope of responsibility, to:

- i). Seek any information it requires from any Group employee. All Group employees are directed to co-operate with any request made by the Audit Committee.
- ii). Seek any information it requires from any external parties.
- iii). Obtain, at the Group's expense, independent legal or other professional advice, where necessary.
- iv). Ensure the attendance of any employees or Group advisers, as appropriate.

3. ORGANISATION

- i). The Audit Committee will comprise at least 3 members, all of whom will be independent non-executive directors of the Company.
- ii). The Chairman and members of the Audit Committee will be nominated by the Board from time to time.
- iii). The Board shall satisfy itself that at least one member of the Committee shall have recent and relevant financial experience.
- iv). A quorum for a meeting will be any two members. In the absence of the Committee Chairman the remaining members shall elect one of their number present to chair the meeting.
- v). The Secretary of the Audit Committee will be the Group Secretary, or such other person as determined by the Board or, in the absence of any such determination, by the Committee Chairman.
- vi). The Audit Committee may invite such persons to its meetings as it deems necessary.
- vii). Meetings will be held at least three times a year. Unscheduled meetings may be convened as required.
- viii). The Statutory Auditor, or the Head of Internal Audit, or any Audit Committee member, may request the Committee Chairman to convene a meeting.
- ix). The proceedings of all meetings will be minuted.
- x). Notice of each meeting, together with the agenda and supporting papers, will be delivered to Audit Committee members in a timely manner before each meeting to enable full and proper consideration to be given to the issues.

4. ROLE AND RESPONSIBILITIES

I. The Audit Committee will, in relation to internal control:

- a) Review the Group's internal financial controls and its internal control and risk management systems.
- b) Consider any significant fraud, illegal acts, deficiencies in internal control or similar issues.

II. The Audit Committee will, in relation to financial reporting:

- a) Monitor and report directly to the boards of the Company and of FBD Insurance plc on the integrity and clarity of the financial statements of the Group and of FBD Insurance plc and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them.
- b) Pay particular attention to complex and/or unusual transactions.
- c) Focus on significant judgmental areas and major audit adjustments.
- d) Review compliance with Stock Exchange and other legal requirements.
- e) Review the Group's statement on internal control systems prior to endorsement by the Board.

III. The Audit Committee will, in relation to Internal Audit:

- a) Review the activities, overall effectiveness and organisational structure of the Internal Audit function.
- b) Review the resources of the Internal Audit Department.
- c) Review the independence, standing and scope of the Internal Audit Department and its relationship with the Statutory Auditor.
- d) Approve the appointment and removal of the Head of Internal Audit.
- e) Ensure that Management responds to the findings and recommendations made by the Internal Audit Department.
- f) Review and approve the Internal Audit Department's strategic and annual work plan and receive and consider the reports on work performed.
- g) Meet separately with the Head of Internal Audit at least annually to discuss any matters that the Committee or the Head of Internal Audit consider should be dealt with privately.
- h) Review the Internal Audit Charter periodically.

IV. The Audit Committee will, in relation to Statutory Audit:

- a) Review the Statutory Auditor's terms of engagement, proposed audit scope and approach.
- b) Review the remuneration to be paid to the Statutory Auditor in respect of audit services provided.
- c) Review and monitor the independence and objectivity of the Statutory Auditor and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements.
- d) Develop and implement policy on the engagement of the Statutory Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the Statutory Auditor and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- e) Make recommendations to the Board regarding the appointment, re-appointment and removal of the Statutory Auditor.
- f) Meet separately with the Statutory Auditor at least annually to discuss any matters that the Committee or the Statutory Auditor consider should be dealt with privately.
- g) Ensure that significant findings and recommendations made by the Statutory Auditor (normally contained in the Management Letter) are received and discussed by the Committee on a timely basis and that Management responds to the findings and recommendations.

V. The Audit Committee will, in relation to risk management:

- a) Review the adequacy and effectiveness of the Group's process for the identification, impact assessment and occurrence assessment of regulatory, operational and financial risk.
- b) Review the adequacy and effectiveness of controls operated by Management to mitigate regulatory, operational and financial risk.
- c) Report to the Board at least annually on matters relating to the Group's process for risk assessment and Management action to mitigate risk.

VI. *The Audit Committee will also:*

- a) Regularly update the boards of the Company and of FBD Insurance plc on the Committee's activities ensuring that each is promptly made aware of any matters that may significantly impact the financial condition or affairs of the Group and of FBD Insurance plc respectively. An annual written report is also provided by the Committee to the Board outlining the Committee's activities and major recommendations.
- b) Instigate special investigations as necessary, employing independent legal and other advice as appropriate.
- c) Annually review and update the Committee's Terms of Reference and receive approval from the Board for any changes.
- d) Evaluate the Committee's own performance annually.
- e) Review annually arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- f) Receive and review at least annually a report on compliance from the Group Compliance Officer.

5. OTHER MATTERS

- i). The Chairman of the Committee shall attend the Annual General Meeting of the Company prepared to respond to any shareholder questions on the Committee's activities.