

ARBUTHNOT BANKING GROUP PLC
AUDIT COMMITTEE TERMS OF REFERENCE

Composition	All members of the Committee must be Non-Executive Directors
Membership	Mr. I.A. Dewar, Chairman Sir Christopher Meyer Sir Alan Yarrow
Quorum	Two members
Invitees	As decided by the Chair of the Committee but to include the Head of Internal Audit and, from time to time, the External Auditors.
Attendees	Chairman of the Board, Chief Operating Officer, Group Finance Director and Company Secretary.
Frequency of Meetings	<p>The Committee will normally meet four times each year with the external auditors KPMG present on at least three occasions. The Company's internal and external auditors shall have a right of direct access to the Chairman of the Committee at all times.</p> <p>At least once a year the Chairman will invite the external auditors and the internal auditors to meet the Committee without any member of the Executive being present.</p>
Authority	<p>The Board of Arbuthnot Banking Group PLC (the "Company") authorises the Audit Committee, within the scope of its responsibilities, to</p> <ul style="list-style-type: none">• Obtain any information it requires from any employee or external party;• Obtain outside legal or other professional advice, subject to reasonable costs;• Ensure the attendance of company officers at meetings as appropriate;• Conduct or authorise any investigation into matters within its scope of responsibility;• Invite tenders for the provision of audit services and decide the frequency of any such invitation to tender; and• Resolve any disagreements between external / internal auditors and management. <p>The Committee will keep the Company's Chairman fully informed of significant issues.</p>
Purpose	The purpose of the Audit Committee is to oversee across the Arbuthnot Banking Group, on behalf of the Board, the financial reporting process and external audit thereof, the appropriateness and effectiveness of systems and controls and the work of Internal Audit in reviewing the Group's risk management, governance and systems of internal control.

Its responsibilities are to:

- Review arrangements established by management for compliance with financial reporting requirements;
- Monitor the integrity of the statutory accounts and other financial statements and formal announcements relating to the company's financial performance, focusing particularly on:
 - critical accounting policies and practices, and any changes to them;
 - major judgmental or subjective areas;
 - significant adjustments resulting from the audit;
 - the going concern assumption and the long term viability of the business;
 - compliance with accounting standards, Stock Exchange requirements and company law;
 - the clarity of disclosures, and
 - whether the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy.
- Oversee the work of external auditors, specifically to:
 - Conduct the tender process;
 - review and approve the terms of their appointment, proposed audit scope and approach and monitor the performance of the external audit, including the auditors' independence, objectivity and effectiveness;
 - ensure there is no restriction on the scope of the statutory audit;
 - make recommendations on the auditors' appointment and dismissal;
 - approve the auditors' remuneration;
 - review the activities, findings, conclusions and recommendations of the external auditors;
 - obtain feedback about the conduct of the external audit from key people involved; and
 - develop and implement policy on the engagement of the external auditors to supply non audit services.
- Monitor and review the effectiveness of Internal Audit within the Group.
- Liaise with the Audit Committee of Arbuthnot Latham & Co. Limited regarding the arrangements for internal audit within the company, scope of work carried out and the results thereof.
- Keep under consideration the need for internal audit work to be carried out on ABG as a company, and on such occasions make the necessary arrangements.
- Commission, as appropriate, audit assignments to be conducted on its behalf.

- Review whistleblowing arrangements for employees to raise concerns in confidence.
- Review its own terms of reference and its effectiveness on an annual basis, and to recommend any changes to the Board.

Where such monitoring and review activities reveal cause for concern, or scope for improvement, it should make recommendation to the Board on action needed to address the issue or to make improvements.

The Audit Committee must have due regard to proportionality and cost effectiveness of all actions and measures proposed at all times.

Approved by the Board on 29 November 2018