

JMH MICROFINANCE, INC. AUDIT COMMITTEE CHARTER

PURPOSE

The JMH Audit Committee will assist the Board of Trustees in its oversight responsibilities over the integrity of JMH's financial statements, compliance with legal and regulatory requirements, internal control system and risk management, internal and external audit processes, and compliance with applicable laws and regulations.

DUTIES AND RESPONSIBILITIES

The Audit Committee shall have the following duties and responsibilities:

Internal Audit Function

1. Monitor and review the activities of the Internal Audit
2. Ensure that the Internal Audit is adequately resourced
3. Ensure the independence of the Internal Audit
4. Review and approve Internal Audit's annual plan and findings
5. Ensure Internal Audit recommendations are implemented

External Audit Function

1. Appoint the external auditor and oversee the organization's relations with them
2. Review and recommend the audit fee to the Board and approve any non-audit services provided by the external auditor
3. Discuss with the external auditor the nature and scope of the audit and review the auditor's quality control mechanisms
4. Review and discuss significant findings and audit reports with the auditor

Internal Control and Risk Management

1. Maintain a comprehensive internal control framework
2. Ensure the presence of a risk management policy document

Compliance

1. Review regulatory changes that may affect the compliance regime
2. Review all regulatory examination findings
3. Review all disciplinary actions against senior officers found to have violated standards of ethical conduct
4. Review any waivers of the organization's code of ethics

Reporting

1. Review significant reporting issues and accounting policies
2. Review quarterly and annual financial statements
3. Review primary regulatory returns filed and disclosures made by the organization
4. Review the going concern assumption of the organization

5. To report to the board, identify any matters that need action or improvement, and make recommendations

ORGANIZATION

Membership and Composition

The Audit Committee shall comprise at least three (3) members of the Board who are non-executive. One member shall serve as Committee Chair. At least one member of the Committee should have relevant knowledge, skills, and/or experience in social welfare and areas of accounting, auditing, and finance.

The President, Chief Financial Officer, and/or Treasurer/ Accounting and Finance Head, or officers holding equivalent positions, shall not be appointed as members of the Audit Committee.

Appointment and Term

The Governance Committee of the Board shall nominate the Chair and other members of the Audit Committee for a term of one year each. The Board shall approve such nominations, and such Chair and members shall serve at the discretion of the Board.

Duties of Chair

The Chair shall preside at all meetings of the Audit Committee and perform any duties as may be assigned by the Board from time to time.

Secretary of Committee

The Secretary of the Audit Committee shall come from the Board Secretariat. The Secretary is not required to be a member of the Board, but if he or she is not, such Secretary must be an employee of JMH or any of its subsidiaries.

Resignation

Any member of the Audit Committee may resign, effective upon approval of the Chairman of the Board unless the approval specifies a later time for the effectiveness of the resignation.

Vacancies

All vacancies in the Audit Committee, however, created, may be filled by the Board, subject to nomination by the Governance Committee. Each member of the Audit Committee so appointed shall hold office until the expiration of the appointed term.

Meetings

The Committee shall meet at every quarter and at such times and places and by such means as the Chairman shall determine. The Committee shall report regularly its activities to the Board.

Committee meetings will be led by the Committee Chair or his/her designee and will be attended by any members of management who are invited to attend or other persons requested to provide pertinent information.

Every action consented to by a majority of the Committee members present at a meeting (at which a quorum is present) shall be regarded as an act of the Committee.

Minutes

The Secretary of the Committee shall maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and any regulatory institution having jurisdiction over the affairs of JMH. In the event of any meeting in Executive Session or otherwise, where the Secretary is not present, the Chair shall act as or designate an acting Secretary to record the minutes of actions taken at the meeting or Executive Session thereof.

Special Meeting

Special meetings of the Audit Committee may be called at any time by the Chair of the Committee, any two voting members of the Committee, the President of JMH, or by a majority of the Board. Special meetings may be held upon four days' notice received personally by telephone, e-mail, facsimile, or similar transmission.

Assessing the Committee's Performance

The Audit Committee shall annually evaluate its performance using a Board-approved performance evaluation tool and report such assessment to the Board.