

Last updated to the Board on 25 May 2017  
Members composition as at 19 September 2019

**TERMS OF REFERENCE OF THE  
AUDIT COMMITTEE OF THE BOARD (“ACB” or “Committee”)**

<b>Chairman</b>	:	Encik Shariffuddin Khalid
<b>Members</b>	:	Ms Che Zakiah Che Din Dato’ Idris Kechot Dato’ Zulkiflee Abbas Abdul Hamid
<b>Secretary</b>	:	Encik Wan Marzimin Wan Muhammad
<b>Quorum</b>	:	Two (2) independent directors.
<b>Size and Composition</b>	:	The Committee shall consist of at least three (3) members, appointed by the Board from amongst its non-executive directors of the Bank.

1. Must be independent directors and at least one member of the Committee must be:
  - a. A member of the Malaysian Institute of Accountants (“MIA”); or
  - b. If he is not a member of the MIA, he must have at least three (3) years’ working experience; and
    - i. He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - ii. He must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - c. Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
2. Should a former key audit partner be appointed as a member of the Committee (“the Candidate”), the Candidate is required to observe a cooling - off period of at least two (2) years from the date he ceases to be a partner of the firm which has been appointed as the external auditor of the Bank, before being appointed as a member of the Committee.
3. In the event of any vacancy in the Committee resulting in the non-compliance with the above requirement, the vacancy must be filled within 3 months.
4. Where the Chairman is unable to attend the meeting, the members shall elect a person from among themselves to be chairman at such meeting.
5. A review of the Committee and performance of its members (including their respective terms of office) shall be undertaken annually by the Nomination and Remuneration Committee of the Bank.

## Meetings

1. Meetings shall be held at least once a month or at a frequency to be decided by the Committee and the Committee may invite any person to be in attendance to assist in its deliberations. At least once a year, the Committee shall meet with the external auditor without the presence of senior management.
2. The Committee will regulate its own procedure particularly with regard to the calling of meetings, the notice to be given of such meetings, the voting and proceedings of such meetings, the keeping of minutes, and, the custody, production and inspection of such minutes.
3. Upon the request of the external auditor, a meeting is to be convened to consider any matter that the auditor believes should be brought to the attention of the directors and shareholders.

## Roles and Responsibilities

1. The Committee is authorised by the Board to:-
  - a. Investigate any activity or matter within its terms of reference.
  - b. Have the resources which are required to perform its duties.
  - c. Have full and unrestricted access to any information and documents relevant to its activities.
  - d. Have direct communication channels with external auditors, person(s) carrying out the internal audit function or activity and to senior management of the Bank and its subsidiaries.
  - e. Promptly report to the Bursa Malaysia Securities Berhad, matters which have not been resolved satisfactorily, thus, resulting in a breach of the listing requirements.
  - f. Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
  - g. Convene meetings with internal and/or external auditors, without the attendance of the other directors and employees, whenever deemed necessary.
  - h. Undertake or perform any other activities as the Committee considers appropriate or as the Board shall so decide from time to time.
2. The primary duties and responsibilities of the Audit Committee shall include reviewing, appraising and reporting to the Board of Directors on the following:
  - 2.1 In respect of internal audit:-
    - a. To review and approve the scope of internal audit and the audit plan of the internal audit, covering both local and overseas operations, the adequacy of the scope, functions, and resources of the internal audit functions and whether it has the necessary authority to carry out its work.
    - b. To review and assess internal audit reports and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.
    - c. To appraise and approve the appointment and termination of the Group Chief Audit Executive ("GCAE").
    - d. To review and assess the performance of senior internal audit staff, including their remuneration and annual increment.
    - e. To take cognizance of the resignation of internal audit staff and the reason of resignation.
    - f. To note significant disagreements between the GCAE and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings.
    - g. To establish a mechanism to assess the performance and effectiveness of the internal audit function.

2.2 In respect of external audit:-

- a. To review the appointment, termination and resignation of the external auditors and its audit fee, and to make the appropriate recommendations to the Board regarding the same, as the Committee deems fit.
- b. To approve the scope of external audit and the audit plan of the external auditors covering both local and overseas operations<sup>^</sup>.
- c. To review the performance of the external auditors and to assess the qualification, expertise, resources and effectiveness of the external auditors, including the assessment of the external auditors' objectivity and performance.
- d. To review the independence of the external auditors<sup>^^</sup>.
- e. To review the external auditor's evaluation of the adequacy and effectiveness of the system of internal controls.
- f. To review the Memorandum of Recommendations by the external auditors and the Management's responses, including the status of previous audit recommendations.
- g. To review the assistance given by the Group's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- h. To approve the non-audit fees/services provided by the external auditors.
- i. To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the Board and the Committee on significant matters.

*Notes:-*

<sup>^</sup> *To the extent permissible pursuant to the applicable laws, rules and regulations of each jurisdiction in which the Group operates.*

<sup>^^</sup> *Excluding the review of external auditors appointed by operating entities which has established their own audit committees (that will likewise review the independence of their respective external auditors).*

- 2.3 To review the quarterly results and year-end financial statements focusing particularly on the reliability of the information disclosed therein, changes in accounting policy, significant matters highlighted, including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed, compliance with accounting standard and other legal requirements.
- 2.4 To review any related party transactions and conflict of interest situations that may arise within the Bank or Group including any transaction, procedure or course of conduct that raises questions with regard to the Management's integrity.
- 2.5 To review and approve the contents of the Audit Committee Report for inclusion in the Group's Annual Report.
- 2.6 To review the annual "Statement of Risk Management & Internal Control" for inclusion in the Group's Annual Report.
- 2.7 To monitor compliance with the Board's Conflict of Interest Policy.

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