

### **COMPOSITION OF THE AUDIT COMMITTEE**

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|----|--------------------|----------|
| 1. | Dato' Lee Teck Hua | Chairman |
| 2. | Mr Liu Jiang       | Member   |
| 3. | Ms Chong Kwai Ying | Member   |
| 4. | Mr Lee Teck Seng   | Member   |

## **TERMS OF REFERENCE**

The role of **Audit Committee (“AC”)** is to support the Board of Directors (“the Board”) of the Bank in providing independent oversight on the financial reporting, internal control system i.e. ensuring checks and balances within CCBM, risk management functions and governance processes of CCBM.

### **I. Authority of AC**

- 1.0 AC shall have explicit authority in discharging its functions appropriately and investigating any matter within its terms of reference; which includes:
  - 1.1 full access to and co-operation by the CCBM’s management;
  - 1.2 unrestricted access to records, reports and information;
  - 1.3 full discretion to invite any staff/officer of CCBM to attend its meetings; and
  - 1.4 be able to obtain independent professional advice externally.

### **II. Size and Composition**

- 1.0 AC shall consist of:-
  - 1.1 at least three members of non-executive directors;
  - 1.2 majority shall be independent directors; and
  - 1.3 at least one member shall have accounting expertise or experience in the field of finance.

### **III. Duties and Responsibilities of AC**

The duties and responsibilities of AC, among others, shall include:-

#### **1.0 Fair and Transparent Financial Reporting**

- 1.1 To review and discuss with the external auditors and CCBM’s Management on the fairness of presentation and transparent reporting of the financial statements and timely publication of the financial accounts;
- 1.2 To review the accuracy and adequacy of the chairman’s statement in the directors’ report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements; and
- 1.3 To ensure that CCBM’s financial reportings are fairly presented and fully in conformity with appropriate accounting standards; and all legal and regulatory requirements.

#### **2.0 Compliance, Internal Controls, Governance and Risk Management**

- 2.1 To provide independent oversight on the comprehensiveness and robustness of CCBM’s compliance function, internal controls and risk management framework and the effective execution of the relevant policies, functions, etc;

- 2.2 To periodically meet with the Board Risk Management Committee to maintain effective exchange of information so as to ensure effective coverage of all risks including emerging risk issues that could have an impact on the Bank's risk appetite and business plans; and
- 2.3 To ensure timely communication to the Board on issues which have impact on the effectiveness of the governance processes of CCBM.

### **3.0 Internal Audit Function**

- 3.1 To approve the Internal Audit Charter;
- 3.2 To approve the Internal Audit resources and annual audit plan (including material plan changes during the year);
- 3.3 To review and approve the audit scope, procedures and frequency;
- 3.4 To review key audit reports and ensure that senior management takes necessary corrective actions in a timely manner to address control weakness, non-compliance with laws, regulatory requirements, policies and other issues identified by the internal audit and other control functions;
- 3.5 To note significant disagreements between the Head of Internal Audit and the senior management team, irrespective of whether they have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;
- 3.6 To consider and approve the appointment, transfer and/or dismissal of Chief Internal Auditor / Head of Internal Audit as well as his/her remuneration package and performance evaluation;
- 3.7 To ensure that internal audit function has the proper authority; adequately staffed; and resourced with relevant competencies and sound knowledge to carry out its responsibilities independently and effectively;
- 3.8 To ensure that internal audit staff receives necessary training to perform audit work;
- 3.9 To ensure that the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness;
- 3.10 Where the external experts are engaged to perform review, to ensure that audit of the said areas is adequate; and
- 3.11 To hold at least one private session annually with the Chief Internal Auditor/Head of Internal Audit without the presence of Management, in accordance with Global Internal Audit Standards.

#### **4.0 External Auditors**

- 4.1 To make recommendations to the Board on the appointment, re-appointment and removal; as well as the remuneration of the external auditor;
- 4.2 To monitor and assess the independence of the external auditor including approving the provision of non-audit services by the external auditor;
- 4.3 To monitor and assess the efficiency and professional capability as outlined in Bank Negara Malaysia's ("BNM") policy document on External Auditor;
- 4.4 To maintain regular, timely, open and honest communication with the external auditor and requiring the external auditor to report to AC in confidence on significant matters, including any improper conducts of CCBM's operation or members of the senior management;
- 4.5 To meet with the external auditor without the presence of senior management at least annually; and
- 4.6 To ensure that senior management takes necessary corrective actions in a timely manner to address external audit findings and recommendations.

#### **5.0 Related Party Transactions**

- 5.1 To review all related party transactions and keep the Board informed of such transactions.

#### **6.0 Integrity**

- 6.1 To monitor compliance with the conflicts of interest policy of the Bank .

#### **7.0 Anti-Money Laundering/Counter Financing of Terrorism/Proliferation Financing/Targeted Financial Sanctions ("AML/CFT/PF/TFS")**

- 7.1 To ensure regular independent audits of the internal AML/CFT/PF/TFS measures to determine their effectiveness and compliance with the AMLA, its subsidiary legislation, and the relevant documents on AML/CFT/PF/TFS issued by BNM as well as the requirements of the relevant laws and regulations of other supervisory authorities, where applicable;
- 7.2 To ensure that the frequency and scope of independent audits conducted commensurate with the ML/TF/PF/TFS risks and vulnerabilities assessed by Bank; and

- 7.3 To review issues identified in the independent audits and the regulatory authorities; as well as the responses and remedial actions from the Management.

#### **8.0 Others**

- 8.1 To review third-party opinions on the design, adequacy and effectiveness CCBM's internal control framework.
- 8.2 The Committee may appoint independent advisor, as it deems necessary to provide advisory or consultation services to assist the Committee in the discharge of its duties and responsibilities at the expense of the Bank.
- 8.3 Any other roles and responsibilities assigned by the Board from time to time.

### **IV. Procedures and Meetings**

#### **1.0 Frequency of meetings**

- 1.1 The AC shall meet as frequently as may be necessary, but at least four (4) times a year and in any case, upon requisition of any member of the AC to transact such matters as are set out in its terms of reference.
- 1.2 The AC meeting will be held in Malaysia and/or overseas as may be agreed by the AC members in conjunction with the convening of the Board's meeting in the event the same is to be held overseas.

#### **2.0 Quorum**

- 2.1 The quorum shall be two (2) members present in person with a majority being independent non-executive director.

#### **3.0 Notice of Meetings**

- 3.1 Consent from the Chairman of the AC is required for the convening of any meeting. At least seven (7) days' notice is required for any meeting but may be shortened by agreement of all members present who are sufficient to form a quorum.
- 3.2 Upon consultation with the Chairman of the AC, meeting materials should be circulated to the AC members by the Company Secretary at the same time the agenda of the meeting is circulated. If not available, at a shorter period as may be consented by the Chairman of the AC.
- 3.3 The agenda will be sent to the AC members together with the notice of meeting.
- 3.4 Under special circumstances, urgent and ad-hoc matters may be tabled at the meeting with the consent of the Chairman.

#### **4.0 Chairman of the Meeting**

- 4.1 The Chairman of AC shall be an independent non-executive director and be appointed by the Board.
- 4.2 The AC meeting will be presided over by the Chairman of the AC or in his/her absence, such independent director as nominated by the meeting.
- 4.3 The Chairman of the AC or the chairman of the meeting shall take reasonable steps to ensure the proper functioning of the meeting.

#### **5.0 Secretary**

- 5.1 The Company Secretary shall be the secretary of the AC.
- 5.2 In the absence of the Company Secretary, the internal auditor or secretarial officer will act as the secretary of the meeting based on majority members' agreement.

#### **6.0 Attendance and Conduct of Meetings**

- 6.1 Each member must devote sufficient time to prepare and attend the AC meetings.
- 6.2 The meeting could either take place in a single physical location or by means of tele/video conferencing or similar communication system whereby all the participants can hear and address each other at the same time.
- 6.3 The AC may invite other directors, Chief Executive Officer, other senior management and staff to its meetings to assist in the discharge of the committee's functions as deemed appropriate.

#### **7.0 Voting**

- 7.1 A majority of vote shall be required to pass or defeat any resolution. In the case of an equality of votes, the Chairman has a casting vote in addition to any other vote he/she may have. However, should there be only two members in attendance (inclusive of Chairman of the AC), the vote must be unanimous in order to pass or defeat any resolution.
- 7.2 Alternatively, the matter is to be referred to the Board for decision; and any delegation of authority to the Chairman of the Board to handle the matter will be at the discretion of the Board.
- 7.3 Member(s) of the AC shall abstain from participating in discussions and decisions making on matter(s) of his/her interest.

## **8.0 Minutes**

- 8.1 Minutes of each meeting should be properly recorded by the secretary of the AC and distributed to all the members of the AC for confirmation. The confirmed minutes of meeting is to be signed by the Chairman of the AC or in his/her absence, by the chairman of the meeting.
- 8.2 The minutes of the AC meeting shall be tabled to the Board for notation.
- 8.3 A resolution in writing, signed by all the members of the AC, shall be valid and effectual as if it had been passed at a meeting of the AC duly convened and held.

## **V. Others**

The Terms of Reference of the AC will be reviewed as and when deemed appropriate so as to maintain its relevancy with the business operation of the Bank and in line with the regulatory requirement.