
TERMS OF REFERENCE OF CIMB GROUP HOLDINGS BERHAD AUDIT COMMITTEE

MEMBERS

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| (1) Dato' Mohamed Ross Mohd Din | - Chairman / Independent Director |
| (2) Mdm. Teoh Su Yin | - Member / Senior Independent Director |
| (3) Encik Didi Syafruddin Yahya | - Member / Independent Director |

The Company Secretary shall act as Secretary to the Audit Committee (AC).

Objective

To support the Board in ensuring that there is a reliable and transparent financial reporting process within CIMB Group Holdings Berhad (**CIMB**) and its subsidiaries (**the Group**), and to review the corporate governance practices and internal control system in ensuring checks and balances within the Group.

Composition

- The AC shall comprise only Non-Executive Directors. The Committee must have at least three directors, of which a majority shall be Independent Directors.
- The AC must be chaired by an Independent Director with accounting expertise, and must not be the Chairman of the Board.
- All members of the AC should be financially literate. Collectively, the committee should comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the AC.

Quorum

The quorum for AC meetings shall be at least two thirds of the Members with Independent Directors forming the majority.

Term of Membership

The Group Nomination and Remuneration Committee is to review the term of office and performance of the AC and each of its Members annually to determine whether such AC and Members have carried out their duties in accordance with their terms of reference.

Any vacancy arising in the AC must be filled within 3 months.

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Meetings

- The AC should hold regular meetings, at least once every quarter and should report regularly to the Board.
- The Chairman of the AC shall call a meeting of the AC if requested to do so by any AC Member, the management or the internal or external auditors.
- While the AC may invite any person to be in attendance to assist it in its deliberations, the AC should ensure that the Committee meets exclusively when necessary.
- To obtain external professional advice and to invite outsiders with relevant experience to be present where necessary.
- At least twice a year, the AC shall meet with the external auditors without the presence of Management.
- The Company Secretary or in his/her absence, another employee of the Group authorised by the AC Chairman shall act as Secretary of the AC.

Authority

The AC is a Board delegated committee. The AC in discharging its duties, has explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings. The AC shall have the necessary resources made available to it by the Group to enable it to discharge its functions effectively. The AC has full and unrestricted access to information and is able to obtain independent professional advice if necessary, with any expenses related thereto to be borne by the Group.

Roles and Responsibilities

To review the effectiveness of internal controls, risk management processes and governance within the Group, taking into account the requirements in the Malaysian Code of Corporate Governance, Bank Negara Malaysia (**BNM**) Guidelines, Listing Requirements of Bursa Malaysia Securities Bhd (**BMSB**), and other relevant guidelines issued by regulators.

The duties of the AC should include the following:

1. To oversee the Internal Audit function, in particular :
 - (a) To ensure the internal audit function is well placed to undertake review or investigation on behalf of the AC, and be placed under the direct authority and supervision of the AC.
 - (b) To review and approve the audit scope, procedures frequency and the annual internal audit plan.

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- (c) To oversee the effectiveness of the Internal Audit functions, staff competency requirements and adequacy of audit resources, and that internal audit has the necessary authority to carry out its work
 - (d) To review key audit reports and ensure 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.
 - (e) To note significant disagreements between the Group Chief Internal Auditor 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.
 - (f) To ensure compliance with relevant guidelines on internal audit issued by BNM, BMSB and Securities Commission, and that the reports of internal auditors should not be subject to clearance by Management.
 - (g) To establish a mechanism to assess the performance and effectiveness of the internal audit function.
 - (h) To evaluate the performance and decide on the remuneration package of the Group Chief Internal Auditor.
 - (i) To approve the appointment, transfer and dismissal of Group Chief Internal Auditor and to be informed of the resignation of any Department Head in GIAD and to provide the resigning staff member an opportunity to submit his/her reasons for resigning.
2. To foster a quality audit of the Group by exercising oversight over the external auditor, in accordance with the expectations set out in the policy document on External Auditor:
- (a) To make recommendations to the Board on the appointment, removal and remuneration of the external auditor.
 - (b) To discuss and review with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.
 - (c) To assess objectivity, performance and independence of external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and the Group or any other entity).
 - (d) To approve the provision of non-audit services by the external auditors to the Group (except for the foreign banking subsidiaries for which approvals are sought from the respective Audit Committees), and to monitor and assess whether such non-audit services would impair their independence.

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- (e) To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.
 - (f) To ensure that the financial statements are prepared in a timely and accurate manner with emphasis on, among others, significant matters highlighted in the financial statements and significant judgment made by Management that include the adequacy of allowances against contingencies and impaired assets.
 - (g) To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the AC on significant matters (in the absence of management where necessary).
 - (h) To review the external auditor's Internal Control Report and ensure that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendations.
 - (i) To monitor and assess the effectiveness of the external auditor, including meeting with the external auditor at least twice a year without the presence of the management or Executive Directors to discuss any key concerns and obtain feedbacks.
3. To review the findings of major investigations, routine audit findings, internal controls and compliance issues reported by the internal, external and regulatory auditors, and to ascertain that appropriate and prompt remedial actions are taken by Management.
 4. To engage on a continuous basis with senior management in order to be kept informed of matters affecting the Group.
 5. To convene meetings with internal auditors, external auditors or both whenever deemed necessary.
 6. To review the semi-annual and annual financial statements for submission to the Board of Directors of the Company and the respective Malaysian financial institutions within CIMB and ensure prompt publication of annual financial statements.
 7. To review the financial results and year-end financial statements of the Group, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - 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 standards, and applicable financial reporting standards, and other legal or regulatory requirements; and
 - the going concern assumption.

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8. To review all related party transactions and keep the Board of Directors informed of such transactions.
9. 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.
10. To monitor compliance with the Board's conflicts of interest policy.
11. To review third-party opinions on the design and effectiveness of the Group's internal control framework.