

**AFFIN BANK BERHAD
(25046-T)**

TERMS OF REFERENCE

**GROUP BOARD AUDIT COMMITTEE
(GBAC)**

A. COMPOSITION

Chairman

1. Mr. Gregory Gerald Fernandes (INED)(Chairman)

Members

2. YBhg Dato' Mohd Hata bin Robani (INED)
3. Associate Prof Dr Said Bouheraoua (INED)
(Representative from Affin Islamic Bank Berhad)
4. YBhg. Dato' Rozalila binti Abdul Rahman (INED)

(Note: INED = Independent Non-Executive Director)

B. SECRETARIAT:

Group Internal Audit

C. TERMS OF REFERENCE

1. OBJECTIVE

Group Board Audit Committee (GBAC) is established as a Committee of the Board of Directors. The primary objectives of GBAC are to:

- a. Establish the framework for and oversee the audit function of Affin Bank Group;
- b. Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that good Corporate Governance, system of internal controls, codes of conduct and compliance with regulatory and statutory requirements are maintained by the Affin Bank Group;

TOR – Group Board Audit Committee (GBAC)

- c. Implement and support the function of the Board by reinforcing the independence and objectivity of the Group Internal Audit Division (GIA); and
- d. Ensure that Internal and External Audit functions are properly conducted and audit recommendations are implemented effectively.

2. COMPOSITION AND APPOINTMENT

- a. GBAC shall have at least three (3) members of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman of the Committee shall be an Independent, Non-Executive Director. No Alternate Director shall be appointed to the GBAC.
- b. At least one (1) member of the Committee must be a qualified accountant.
- c. GBAC members and the Chairman shall be appointed by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
- d. The Board shall review the Terms of Reference and performance of the GBAC and each of its members at least once every three (3) years to determine whether the GBAC has carried out its duties in accordance with its Terms of Reference.
- e. If a member of the Committee resigns or for any reason ceases to be member in the GBAC resulting in non-compliance with the requirements, then the Board shall, within three (3) months of the events, appoint such number of new members as may be required.
- f. The GBAC shall have no executive powers.

3. QUORUM

Majority of the Members.

4. ATTENDANCE OF MEETINGS

- a. The notice of meeting should be served to the GBAC members at least seven (7) days before the meeting. The agendas and GBAC papers are to be circulated at least five (5) days before each meeting.
- b. The Group Chief Internal Auditor is invited to attend all meetings of the Board Audit Committee.
- c. The Committee may invite other Board members, members of Management, External Auditors or any employees as applicable to participate in the GBAC meetings as necessary to carry out the Committee's responsibilities.
- d. All the original Minutes of GBAC meetings are in the custody of the Secretariat of the Committee and shall be signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting. The signed minutes shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be distributed to the GBAC members and all other members of the Board.

5. FREQUENCY OF MEETINGS

- a. The GBAC shall meet at least six (6) times in a financial year with the objective of reviewing the internal audit reports and Affin Bank Group's financial reporting. The GBAC complements this through regular meetings with the Senior Management and both the Internal and External Auditors to review the Affin Bank Group's overall state of governance and internal controls.

To ensure that critical issues are highlighted to all Board members in a timely manner, where possible, the GBAC meetings are convened before the Board meetings. The GBAC, through its Chairman, shall report to the Board after each meeting where issues can be further deliberated, if necessary.

- b. Besides the minimum of six (6) GBAC meetings in a year, additional meetings shall be scheduled whenever deemed necessary by the GBAC's Chairman or the majority of the Committee members.

6. AUTHORITY

The BAC is authorised by the Board to :-

- a. Investigate any activity or matter within its Terms of Reference;
- b. Be able to obtain external legal or other independent professional advice or other necessary resources to perform its duties;
- c. Have full and unrestricted access to any information pertaining to the Group;
- d. Maintain direct communication channels with the External Auditors, Internal Auditors and all employees of the Group;
- e. Be able to convene meetings with the External and Internal Auditors; excluding the attendance of the members of Management Committee at least twice a year; and
- f. Report to the Regulatory Bodies on matters duly reported by it to the Board which have not been satisfactorily resolved resulting in a breach of any regulatory requirements.

7. FUNCTIONS AND DUTIES

The functions and duties of BAC shall include, but not limited to the following:

- a. To review the Quarterly Financial Results and Year-End Financial Statement prior to the approval by the Board focusing on the followings:
 - Changes in or implementation of major accounting policy;
 - Significant and unusual events or any going concern assumption;
 - Significant adjustments arising from the audit; and
 - Compliance with accounting standards, disclosure requirements and other legal requirements.
- b. To act upon any request from the Board to investigate and report on any issues of concern as regard to the Management of the Group.

TOR – Group Board Audit Committee (GBAC)

- c. To obtain external professional advice and to invite outsiders with relevant experience to attend meetings, subject to the approval of the relevant regulatory body, where necessary.
- d. To recommend to the Board the appointment of External Auditors and their audit fee.
- e. To review with the External Auditors the scope of the audit plan, system of internal controls, the audit reports (including Management letter and Management response), the assistance given by the Management and any findings or action to be taken.
- f. To meet with the External Auditors without the presence of members management at least twice a year.
- g. To review the proposals for non-audit services rendered by the External Auditors or 3rd parties. If the External Auditors are engaged, the BAC is responsible for ensuring that such engagement does not compromise the independence of the External Auditors in their roles as Statutory Auditors of the Group.
- h. To review the adequacy and effectiveness of the Group's control environment.
- i. To consider the major findings of internal investigations and Management response.
- j. To review the findings of any examinations by regulatory authorities and the Management response.
- k. To review existing policies and practices within the Group in order to regulate and streamline the same to ensure uniformity.
- l. To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, bad and doubtful debts.
- m. To review any related party transactions that may arise within the Affin Bank Group.

TOR – Group Board Audit Committee (GBAC)

- n. To review the adequacy of the scope, functions, competency and resources of the Group Internal Audit Division and the necessary authority to carry its work. The review may cover the planned audit work, internal audit programmes, the results of completed work and Management implementation of agreed actions as recommended by Group Chief Internal Auditor. Where appropriate, the Committee may direct the Management to rectify and improve the system of internal controls and procedures based on the Group Internal Auditors' recommendations and suggestions for improvements.

D. REVIEW OF THE TERMS OF REFERENCE

The terms of reference of the Group Board Audit Committee shall be reviewed as and when required, and shall be subject to the approval of the Board of Affin Bank Berhad.