TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE –
ALLIANCE BANK MALAYSIA BERHAD (ABMB) AND ITS SUBSIDIARIES

1. OBJECTIVES

- To comply with the Companies Act 2016, Bursa Malaysia Main Market Listing Requirements, Bank Negara Malaysia (BNM) Policy Document on Corporate Governance and other applicable laws, rules and guidelines.
- To provide independent oversight of ABMB and its subsidiaries' financial reporting and internal control system and ensuring checks and balances within ABMB and its subsidiaries.

2. COMPOSITION

The Group Audit Committee (GAC) shall be appointed by the Directors of ABMB and its subsidiaries, which shall fulfil the following requirements:

a) the GAC shall comprise at least three (3) non-executive Directors, with a majority of Independent Directors;
b) the members of the GAC shall elect a Chairman from among themselves who shall be an Independent Director;
c) at least one (1) member of the GAC:
   i) shall be a member of the Malaysian Institute of Accountants; or
   ii) if he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years' working experience and:
      - passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   iii) fulfils such requirements as prescribed or approved by the Exchange;

   Note: Words importing the masculine gender include the feminine gender.

d) In the event of vacancy in the GAC resulting in non-compliance of any of the requirements in (a) to (c) above, the vacancy must be filled within three (3) months;

e) The Chairman of the GAC shall not be the Chairman of the Board;

f) A former key audit partner of the External Auditors shall observe a cooling-off period of at least three (3) years before being appointed as a member of the GAC;

g) Collectively, the GAC shall possess a wide range of necessary skills to discharge its duties. All members shall be financially literate and are able to understand matters under the purview of the Audit Committee;

h) No alternate Director shall be appointed as a member of the GAC; and

i) The Group Nomination and Remuneration Committee reviews the term of office and performance of the GAC and each of its members annually to determine whether the GAC and its members have carried out their duties in accordance with their terms of reference.

3. SECRETARY

The Company Secretary shall be the Secretary to the GAC.

4. QUORUM

Three (3) members shall constitute a quorum at meeting and majority of members present must be Independent Directors.

5. DECISIONS

Questions arising at the meeting shall be decided by a majority of votes. In case of equality of votes, the Chairman shall have a second or casting vote.

6. ATTENDANCE AT MEETINGS

- The Group Chief Internal Auditor is invited to attend all meetings of the GAC.
- The Group Chief Financial Officer and the External Auditors are normally invited to attend meetings as and when necessary.
- Other Board members and employees may attend meetings upon the invitation of the GAC.
- The Secretary of the GAC shall provide the necessary administrative and secretarial services for the effective functioning of the GAC. The minutes of meetings are circulated to the GAC Members and to all other members of the pertinent Boards.

7. FREQUENCY OF MEETINGS

The GAC shall meet at least quarterly although additional meetings may be called at any time at the discretion of the GAC.

There shall be at least one (1) joint meeting held annually between the GAC and the Group Risk Management Committee (GRMC) to ensure there is effective exchange of information so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the Group's risk appetite and business plan.

8. FUNCTIONS

The functions of the GAC are:

a) To review the following and report the same to the Board –
   - with the External Auditors, the audit plan;
   - with the External Auditors, their evaluation of the system of internal controls;
   - with the External Auditors, their audit report;
   - the assistance given by employees of ABMB and its subsidiaries to the External Auditors;
   - the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
   - the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
   - the quarterly results and year-end financial statements, before the approval by the Board, in support of the Board's oversight of the integrity of the financial statements, compliance with approved accounting standards and statutory audit requirements, focusing particularly on –
     (i) changes in or implementation of major accounting policy changes;
     (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
     (iii) compliance with accounting standards and other legal requirements;
   - any related party transaction and any actual or potential conflict of interest situation that has arisen, persists or may arise within the Group, including interests in competing businesses, where applicable, and any transaction, procedure or course of conduct that raises questions of management integrity, and to monitor the measures taken to resolve, eliminate or mitigate such conflicts;
   - recommend the appointment or re-appointment of the External Auditors, any letter of resignation from the External Auditors, the audit fee and any questions of dismissal and whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;

b) To discuss with the External Auditors 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 annually assess the suitability, objectivity, performance and independence of the External Auditors (e.g. by reviewing and assessing the various relationships between the External Auditors and ABMB and its subsidiaries);

d) To approve the use of the appointed external audit firm for non-audit services including the non-audit fees payable;

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 judgement of the External Auditors;

f) To review the External Auditors' management letter and management's response;

g) To regularly review the audit findings of the External Auditors and Regulators and ensure that issues are being managed and rectified appropriately and in a timely manner;

h) To review the Chairman's statement in the Directors' Report, corporate governance disclosures, best practices on disclosure in financial results and annual reports of ABMB and its subsidiaries in line with the principles set out in the Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines;

i) To review the effectiveness of internal controls and risk management processes. Where an external consultant is engaged to review the internal controls framework, the opinion provided by such external consultant should be presented to GAC for review and deliberation;

j) To do the following in relation to the internal audit function:
- oversee the Internal Audit function and ensure compliance with requirements of regulators;
- review internal audit reports and ensure that appropriate actions are taken by senior management 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;
- appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the Group Chief Internal Auditor;
- ensure the compensation scheme of the internal auditors is consistent with the objectives and the demands of the internal audit function;
- note any significant disagreements between the Group Chief Internal Auditor and the rest of the senior management irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings; and
- ensure the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness;

k) To review and update the Boards on any related party transactions that may arise among ABMB and its subsidiaries;

l) To provide oversight on the implementation of the Whistle Blower Policy and mechanism, including the review of significant whistleblowing reports, the adequacy of investigation processes and the status of remedial actions.

m) To monitor compliance with the Boards' Conflict of Interest Policy;

n) To periodically meet with the GRMC for exchange of information to enable coverage of all risks; and

o) To consider and examine any other matters as defined by the Boards.

9. AUTHORITY

The GAC is authorised by the Boards to:

a) investigate any matter within the scope of the GAC's duties;

b) have full access to and co-operation by management and full discretion to invite any Director or Executive Officer to attend its meetings;

c) have full and unrestricted access to any information in ABMB and its subsidiaries;

d) obtain independent professional advice or other advice, whenever deemed necessary;

e) have the resources which are required to perform its duties;

f) have direct communication channels with the Internal and the External Auditors; and

g) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of ABMB and its subsidiaries, at least twice a year.

The Chairman and/or members of the GAC are authorised by the Board to engage on a continuous basis with senior management, such as the Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Internal Auditor and the External Auditors in order to be kept informed of matters affecting ABMB and its subsidiaries.

10. REPORTING OF BREACHES TO THE EXCHANGE

Where the GAC is of the view that a matter reported to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements, the GAC shall promptly report such matter to Bursa Malaysia Securities Berhad. Where the matter also involves non-compliance with BNM requirements the GAC may consult or notify BNM, as appropriate, provided that such consultation or notification shall not delay or defer the prompt reporting to Bursa Malaysia Securities Berhad where required.

11. UPDATE AND REVIEW

The GAC shall review and assess the adequacy of the Terms of Reference at two (2) years interval or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.