CIMB Group Holdings Berhad

TERMS OF REFERENCE OF AUDIT COMMITTEE OF CIMB GROUP HOLDINGS BERHAD

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1. OBJECTIVE

The primary objective of the Audit Committee (Committee/AC) is to assist the Board of CIMB Group Holdings Berhad (CIMB) in discharging the following responsibilities:

- Provide oversight on Management's execution of CIMB and its subsidiaries (the Group)'s governance practices and internal control frameworks, including related policies, aimed at preserving value creation.
- Ensure that Management maintains a reliable and transparent financial reporting process by independently overseeing both internal and external audit functions.

2. SIZE AND COMPOSITION

2.1. The Committee shall:

(a) have at least three (3) Directors,

(b) comprise only Non-Executive Directors, majority of which shall be Independent Directors,

(c) be chaired by an Independent Director who is not a Chairperson of the Board, and

(d) comprise Directors who possess the necessary skills, knowledge, and experience that align with the Committee's scope of responsibilities, with at least one (1) Director meeting the criteria for financial and accounting proficiency as follows:

(i) must be a member of the Malaysian Institute of Accountants (MIA), or

(ii) if he is not a member of the MIA, he must have at least 3 years' working experience, and

(aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967, or

(bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967, or

(iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

2.2. A former partner of the external auditor of CIMB shall not serve or be appointed as a member of the Committee until at least three (3) years after:

(a) he/she ceases to be an officer or partner of that audit firm; or
(b) the audit firm last served as an external auditor of CIMB and its subsidiaries or related corporations.

For purposes of the foregoing, a former partner includes those providing advisory services, tax consulting and other related services.

2.3. If a Committee member resigns or otherwise ceases to serve, resulting in non-compliance with the minimum number of Directors required pursuant to Clause 2.1(a) above, a replacement must be appointed within three (3) months of the occurrence.

3. SECRETARY

3.1. The Company Secretary and/or his/her nominee(s) shall act as Secretary to the Committee.

3.2. Minutes of Committee meetings shall be kept and circulated to all members of the Committee. The Committee shall brief the Board on key matters and concerns discussed, and where appropriate, provide relevant recommendations for the Board's consideration.

4. MEETINGS

4.1. The Committee shall meet at least four (4) times a year. Additional meetings may be called at the discretion of the Chairperson.

4.2. At least two-thirds (2/3) of the number of Directors must be present to form a quorum, majority of whom shall be Independent Directors.

4.3. In the event the Chairperson is not present within fifteen (15) minutes after the time appointed for the meeting, is unwilling to act or unable to attend a meeting, the remaining Directors shall elect an Independent Director among themselves to chair the meeting.

4.4. The Committee may invite any other Director, Senior Management, employees and External Auditor(s) to be in attendance during meetings to assist in its deliberations. It should, however, also ensure that it convenes exclusively when necessary to deliberate independently.

4.5. The Committee shall convene with the External Auditor(s) without the presence of Management at least twice annually.

4.6. The Committee shall convene at least once annually with representatives from regional subsidiaries to deliberate on matters, including but not limited to, business outlook, risk management, compliance, and audit-related issues.

4.7. Meetings may be conducted physically or by way of telepresence, teleconference, or other communication facilities available which would facilitate participation by the Directors, provided such facilities enable Directors to communicate with each other and to vote at such meetings. Participation of Directors at meetings by way of telepresence, teleconference or other facilities shall be treated as present in person and shall be counted towards the quorum for the meeting.

5. RESOLUTION PASSED/APPROVED

5.1. Subject to Clause 5.3, resolutions proposed at meetings or by circular shall be approved/passed by a simple majority of the members, each member having one vote.

5.2. Circular Resolutions which have been passed since the last Committee meeting shall be circulated for notation at the next meeting.

5.3. A Committee member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Committee meeting where the said matter is being deliberated by the Committee.

6. AUTHORITY

6.1. The Committee has delegated authority from the Board of CIMB to discharge its duties and responsibilities as set out in this Terms of Reference.

6.2. The Committee is authorised by the Board to obtain resources which it requires, including but not limited to, obtaining expert advice, both internal and external, upon approval by the Board and at CIMB's expense, and to have full and unrestricted access to information to enable the Committee to fulfill its objectives and responsibilities.

6.3. The Committee is vested with such power and authority, specific or general, as may from time to time be conferred upon by the Board of CIMB.

6.4. The Board remains fully accountable for any authority delegated to the Committee.

7. DUTIES AND RESPONSIBILITIES

The scope of the Committee's duties and responsibilities shall include the following:

(a) **Internal Audit**

Oversee the effectiveness of the internal audit function of the financial institution, which includes:

(i) To ensure the internal audit function is well placed to undertake review or investigation on behalf of the Committee, and be placed under the direct authority and supervision of the Committee.

(ii) To participate in discussions in determining the remit of the Internal Audit function and approve its Policy.

(iii) To review and approve the Internal Audit Charter, the annual Internal Audit Plan, including its frequency and scope, as well as the corresponding budget and resource allocation plan.

(iv) 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 undertake its responsibilities.

(v) To review key internal audit reports, including those with unsatisfactory Management Risk and Control Awareness ratings, and to ensure that Senior Management undertakes timely and appropriate corrective actions to address identified control weaknesses, non-compliance with applicable laws, regulatory requirements, internal policies, and other issues raised by Internal Audit and other control functions.

(vi) To note significant disagreements between the Group Chief Internal Auditor (GCIA) and the rest of the Senior Management team, regardless whether these have been resolved, to identify any impact the disagreements may have on the audit process or findings.

(vii) To ensure compliance with relevant guidelines or internal audit issued by Bank Negara Malaysia (BNM), Bursa Malaysia and Securities Commission Malaysia, and that the reports of internal auditors should not be subject to clearance by Management.

(viii) To assess the performance, effectiveness and efficiency of the internal audit function, including ensuring the internal audit function undertakes external quality assurance reviews at least once every five (5) years.

(ix) To review, propose and amend the scorecard of the GCIA and to assess the performance as well as determine the remuneration package of the GCIA.

(x) To approve the appointment, transfer or dismissal of the GCIA and to be informed of the resignation of any Head of Department within Group Internal Audit, and to provide the resigning staff member an opportunity to submit his/her reasons for resigning to the Committee.

(xi) To convene periodic sessions with the GCIA in the absence of Senior Management.

(b) **External Audit**

Foster a quality audit of the financial institution by exercising oversight over the External Auditor(s), which includes:

(i) To make recommendations to the Board on the appointment, removal and remuneration of the External Auditor(s).

(ii) To engage in pre-audit discussions and reviews with the External Auditor(s) regarding the audit's nature and scope, and to ensure coordination when multiple audit firms are involved.

(iii) To monitor and assess the objectivity, performance and independence of External Auditor(s) (e.g. by reviewing and assessing the various relationships between the External Auditor(s) and the Group or any other entity).

(iv) To approve the provision of non-audit services by the External Auditor(s) 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.

(v) To ensure appropriate checks and balances are in place to prevent non-audit services from compromising the External Auditor(s)' independent judgment.

(vi) To ensure the timely and accurate preparation of financial statements, with particular attention to significant disclosures and Management's judgments, including the adequacy of provisions for contingencies and asset impairments.

(vii) To maintain regular, timely, open and honest communication with the External Auditor(s), and requiring the External Auditor(s) to report to the Committee on significant matters (in the absence of Management where necessary).

(viii) 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.

(ix) To monitor and evaluate the effectiveness of the External Auditor(s), including holding discussions at least twice a year without the presence of Management or Executive Directors, to address key concerns and gather feedback.

(c) **Financial Reporting and Internal Controls**

(i) To review the quarterly results, semi-annual and annual financial statements of the Group, prior to the Board's approval, focusing particularly on:

- changes in or implementation of major accounting policy changes that are significant or material to the financial statements;
- significant and unusual events that affect the integrity of financial reporting;
- compliance with accounting standards and other legal requirements; and
- climate-related financial disclosures that align with the National Sustainability Reporting Framework (NSRF) and applicable sustainability disclosure standards.

(ii) To review the semi-annual and annual financial statements for submission to the Board and relevant Malaysian financial institutions within the Group, and to ensure their timely publication.

(iii) 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.

(iv) To review third-party opinions on the design and effectiveness of the Group's internal control framework.

(v) To ensure that the finance function is equipped with adequate resources and infrastructure, and to be vigilant of significant adjustments arising from the external audit.

(d) **Related Party Transactions and Conflict of Interest Situations**

(i) To review and update the Board on any related party transactions that may arise within the Group.

(ii) To oversee adherence to the Board's conflict of interest policy by reviewing any actual, ongoing, or potential conflict situations within the Group, and evaluating the actions taken to address, resolve, or mitigate such conflicts.

(e) **Sustainability and/or Climate Risk**

(i) To review the Group's integrated disclosures on Environmental, Social and Governance (ESG) — including those aligned with the NSRF, Bursa Malaysia's Listing Requirements, and other applicable standards – to ensure compliance with relevant frameworks and principles.

(ii) To review the effectiveness of internal controls and risk management processes that encompass ESG risks, and ensuring that corrective actions are taken in response to audit findings related to these areas.

(f) **Other Matters**

(i) To review key findings from major investigations, routine audits, and compliance assessments by internal, external, and regulatory auditors, and to ensure that Management takes timely and appropriate corrective actions.

(ii) To oversee the implementation and effectiveness of CIMB's Whistleblowing Policy and exercises and carries out the responsibilities as set out under the Whistleblowing Policy.

(iii) To maintain ongoing engagement with Senior Management to stay informed on developments impacting the Group.

(iv) To convene meetings with internal and/or External Auditor(s) as and when necessary.

(v) To communicate concerns, insights or views to internal and/or External Auditor(s).

(vi) To define the terms of engagement, scope of work, collaboration framework, and reporting obligations for any external experts appointed to support the Internal Audit function in specialised areas.

8. DELEGATION OF RESPONSIBILITIES

8.1. The Committee may delegate relevant responsibilities to any appropriate Group-wide Committees as it sees fit, to undertake or implement actions that have been approved or endorsed by the Committee.

8.2. Where the Committee has delegated such responsibilities, the Committee remains responsible for the exercise of the said delegation to those relevant Group-wide Committees.

8.3. The Committee further delegates the oversight of all audit-related matters undertaken by the Group's banking businesses to the Banking Group Audit Committee (AC) of the following subsidiaries:

(i) CIMB Bank Berhad;
(ii) CIMB Islamic Bank Berhad; and
(iii) CIMB Investment Bank Berhad.

The Banking Group AC operates within clearly defined roles and responsibilities as set out in its Terms of Reference.

9. ANNUAL PERFORMANCE ASSESSMENT

The Board shall review the composition and performance of the Committee and each of its members annually to determine the effectiveness of the Committee and its members in undertaking its duties and responsibilities as set out in this Terms of Reference.

10. REVIEW OF TERMS OF REFERENCE

This Terms of Reference shall be reviewed annually to ensure it remains relevant and applicable. Any proposed revision or amendment to this Terms of Reference by the Committee shall be submitted to the Board for approval. Once approved by the Board, the revision or amendment shall be incorporated into this Terms of Reference and deemed officially adopted.