

**HONG LEONG BANK BERHAD (“HLB” or the “Bank”)
- BOARD AUDIT COMMITTEE (“BAC”)****TERMS OF REFERENCE****External Audit**

1. To make recommendations to the Board on the appointment, removal and remuneration of the external auditor.
2. To review the terms of engagement and the audit plan prior to engaging the external auditors and/or re-appointment of the external auditors.
3. To monitor and assess the independence of the external auditor, including the approval of non-audit services by the external auditor.
4. To review the assistance given by the officers of the Bank and its subsidiaries (“the Group”) to the external auditor.
5. To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the BAC on significant matters.
6. To review the report of the external auditor, including any significant matters, and to ensure that management has taken the necessary corrective actions in a timely manner to address the external audit findings and recommendations.
7. To review third-party opinions on the design and effectiveness of the Group’s internal control framework.

Financial Reporting

1. To review the accuracy and adequacy of the chairman’s statement (if any) in the directors’ report, corporate governance disclosures, interim financial reports, preliminary announcements in relation to the preparation of financial statements and annual financial statements.

Related Party Transactions

1. To review and update the Board on any related party transactions that may arise within the Group.
2. To monitor compliance with the Board’s conflict of interest policy.
3. To review and recommend for Board approval, any credit transactions and exposure with connected parties.

Internal Audit

1. To review and approve the adequacy of the internal audit scope, procedures, plan, and assess the performance and effectiveness of the internal audit function.

2. To review the adequacy and effectiveness of internal controls and risk management processes.
3. To review reports and significant findings by Internal Audit Division, including any findings of internal investigations, and to ensure that management has taken the 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.
4. To review reports and findings issued by regulatory authorities, and to check that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the regulatory authorities.
5. To support the Board in meeting the expectations on Internal Audit management as set out in BNM's policy document, "Guidelines on Internal Audit Function of Licensed Institutions".
6. To decide on the appointment, remuneration, appraisal, transfer and dismissal of the Chief Internal Auditor, and to provide oversight on the adequacy of resources and remuneration of the internal auditors. This includes a regular review to determine whether the internal audit function has appropriate standing not only within the Bank but also within the Group to undertake its activities independently and objectively.
7. To engage privately with the Chief Internal Auditor on a regular basis (and in any case at least twice annually) to provide the opportunity for the Chief Internal Auditor to discuss issues faced by the internal audit function.
8. To review the Audit Charter and recommend for Board approval.
9. Other audit functions as may be agreed to by the BAC and the Board.