



Board Audit Committee

TERMS OF REFERENCE

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1. DEFINITIONS

1.1 “Bank One” / “the Bank”

Bank One Limited

1.2 The “Board”

The Board of Directors of Bank One Limited

1.3 The “Committee” or the “BAC”

The Board Audit Committee of Bank One Limited

2. CONSTITUTION & PURPOSE

The Board Audit Committee is a committee constituted by the Board of Directors of the Bank under the requirements of section 40 of the Banking Act 2004. It shall ensure the oversight of the quality and integrity of financial reporting, the effectiveness of the internal control system and the scope and results of internal audit reviews and external audits. The Committee will deliver on its mandate by fulfilling the responsibilities as described in the “Responsibilities” section.

3. COMPOSITION

1. Members of the Committee shall be appointed by the Board, on the recommendation of the Governance, Nominations and Remuneration Committee.
2. The composition of the Committee shall be reviewed at least on an annual basis by the Board, on the recommendation of the Governance, Nominations and Remuneration Committee.
3. The Committee shall comprise only Independent Directors and shall not be less than 3 in number.
4. The members of the Committee shall have a financial background and shall be conversant with both the International Auditing Standards and International Financial Reporting Standards.
5. The Chairperson of the Committee shall be appointed by the Board and shall have substantial accounting or financial experience.
6. The Chairperson of the Committee shall not be the Chairperson of the Board nor that of the Board Risk Management Committee.
7. The Chairperson of the Committee shall be a member of the Board Risk Management Committee.
8. Only members of the Committee have the right to attend Committee meetings.
9. The Chief Executive Officer, the Chief Finance Officer, the Head of Internal Audit, the External Auditor, the Chief Risk Officer and any other executives may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Chairperson.

4. SECRETARY

The Company Secretary shall act as Secretary of the Board Audit Committee.

5. QUORUM & VOTING

1. The quorum necessary for the transaction of business shall be at least two members.
2. A Member shall be deemed to be present at any meeting if he is able to hear and understand all of the proceedings of the meeting and be heard and understood by all present or deemed present by way of telephone or other suitable means of communication, and such Member indicates his willingness for the meeting to proceed on that basis.
3. All decisions of the Committee shall be by unanimous approval. A member present at a meeting of the Committee is presumed to have agreed to and to have voted in favour of a decision / recommendation, unless he expressly dissents from or votes against the decision / recommendation at the meeting.
4. The Committee may approve an urgent matter by way of email circulation. Any decision / recommendation taken in such manner would be in line with the above preceding paragraph, i.e. circular resolutions should be unanimous. Such decision / recommendation shall be formally ratified at the ensuing meeting of the Committee.
5. Any instance where a decision is not approved unanimously in line with paragraphs (3) and (4) above shall be referred to the Board for consideration.

6. CONFLICTS OF INTEREST

Members must avoid instances that may give rise to conflicts of interests or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Chairperson of the Committee and to the Board in accordance with applicable laws and the Bank's policies, and the onus will be on the members to advise on any conflicting situations.

On declaration of his interest, the concerned member shall not participate in the discussions and/or decision taking process on the transaction in relation to which conflict arises. The transaction may however be concluded and approved at market terms and conditions. Any related party transactions shall be escalated to the Board for final approval.

7. FREQUENCY OF MEETINGS

The Committee shall meet at least on a quarterly basis, at appropriate intervals in the financial reporting and audit cycle, and otherwise as may be required.

8. NOTICE OF MEETINGS

1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the External Auditor or the Head of Internal Audit if they consider it necessary.

2. Meetings shall be organised so that attendance is maximised.
3. Notice of each meeting of the Committee, confirming the venue, time, and date, together with an agenda of items to be discussed, along with the supporting papers, will, other than under exceptional circumstances, be forwarded to each member of the Committee not later than five working days before the date of the meeting.

9. MINUTES OF MEETING

1. The Secretary shall take minutes of all meetings. Such minutes shall be circulated to the Chairperson of the Committee for review, not later than three weeks post each meeting and thereafter, to all members. The minutes shall be tabled for approval at the ensuing BAC meeting.
2. Minutes of all Committee meetings shall be tabled at the ensuing Board meeting. Significant risks and internal control breakdowns shall be reported to the Board Risk Management Committee.

10. REPORTING TO THE BOARD

The Chairperson of the Committee will report at each Board meeting of the Bank on any matters of importance, the Committee's findings, and recommended actions.

11. RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the Committee shall include the following:

Corporate Reporting & Financial Statements

1. Review the Bank's interim and annual financial reports, including condensed quarterly financial statements, annual financial statements, and Management Discussion & Analysis before they are approved by the Board of Directors;
2. When reviewing the financial statements of the Bank, the Committee shall review and challenge, where appropriate:
 - a) the consistency of, and any changes to, the accounting policies on year-on year basis.
 - b) the methods used to account for significant or unusual transactions where different approaches are possible;
 - c) whether the Bank has complied with appropriate financial reporting standards as well as legal and regulatory requirements;
 - d) whether Management has made appropriate estimates and judgements, taking into account the views of the external auditor;
 - e) the clarity and completeness of disclosure of the Bank's financial reports and context in which statements are made;

Internal Controls

3. Review and monitor the effectiveness of the Bank's internal controls and risk management systems, with a view to ensuring that the main risks (include those related to fraud and compliance with existing legislation and regulations) are properly identified, managed, and disclosed;
4. Ensure that the Bank complies with regulatory requirements, including prudential requirements and any other reporting obligations;
5. Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations;

Internal Audit

6. Review the effectiveness of the Bank's internal audit function in the context of the Bank's overall risk management system;
7. Review and approve the remit of the internal audit function and ensure it has adequate budget and resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that the function has adequate standing and is independent from management or other restrictions;
8. Ensure that the Head of Internal Audit has direct access to the Committee Chairperson and is accountable to the Committee;
9. Review and approve, on an annual basis, the Internal Audit Charter;
10. Review, approve and monitor progress against the annual internal audit work plan;
11. Review all internal audit reports and ensure that the findings and recommendations of internal audit are taken into account by the Management;
12. Periodically (at least twice a year) meet the Head of Internal Audit without the presence of senior management;
13. On an annual basis, review the performance of the Head of Internal Audit and review the effectiveness of the Bank's internal audit function;
14. Approve the appointment and removal of the Head of Internal Audit;
15. Approve the remuneration of the Head of Internal Audit;

External audit

16. Consider and make recommendations to the Board, in relation to the appointment, re-appointment or removal of Bank's external auditors, including any rotation of audit firm or audit partner, in line with the provisions of the Banking Act 2004; The Committee shall oversee the selection process for new auditors;

17. Oversee the relationship with the external auditor including (but not limited to):
 - a) approval of their terms of engagement and audit fees;
 - b) approving any non-audit work to avoid possible conflicts of interest and to ensure the independence and objectivity of the audit work;
 - c) assessing annually their performance, including independence, ethics and objectivity taking into account relevant professional and regulatory requirements;
 - d) assessing the qualifications, expertise, resources, and effectiveness of the audit process;
18. Periodically (at least twice a year) meet the External Auditor without the presence of senior management, to discuss their remit and any issues arising from the audit;
19. Review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement;
20. Obtain assurance from the external auditor that adequate accounting records are being maintained;
21. Review and discuss with external auditors their findings and ensure appropriate actions are taken to resolve contentious issues;
22. Review the Management Letter and Management's response to the external auditor's findings and recommendations;
23. Review the external auditor's report on accounting, internal control and other matters and ensure there is an appropriate response and action is taken by the Management;
24. Review the letter of representation requested by the auditors before it is signed;

Other matters

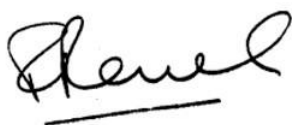
25. Ensure appropriate co-ordination between the Internal Audit and External Audit;
26. Review and recommend to the Board any services to be provided to the Bank by its shareholders under a management services contract;
27. Approve, on behalf of the Board, and periodically review policies pertaining to corporate reporting and financial statements;
28. The Committee shall participate in the annual budget review process together with the Board Strategy and Investment Committee (BSIC). During the review, the Board Audit Committee members shall ensure appropriate accounting policies have been applied in preparing the budget and it has been prepared with due regard to compliance with regulatory requirements, including capital management / adequacy and other ratios. The Committee shall then recommend the budget to Board of Directors for approval.

12. AUTHORITY

The Committee is authorized to:

- Seek any information it requires from any employee of the Bank in order to perform its duties;
- Obtain, at the Bank's expense, any independent legal, accounting, or other professional advice on any matter that the Committee deems appropriate to enable it to carry out its duties.

Reviewed and Approved by the Board of Directors on 05 September 2024.



Roselyne Renel
Chairperson of the Board



Cyril Wong
Chairperson of the
Board Audit Committee



Kareen Ng
Company Secretary