

## TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

1.	<b>Name</b>	<b>Board Audit Committee (“BAC”)</b>
2.	<b>Objective</b>	To provide oversight to ensure that there is a reliable and transparent financial reporting process, to review the related party transactions and connected party transactions, to ensure internal controls, to provide an independent oversight on corporate governance process and the effectiveness of the internal and external audit functions and processes.
3.	<b>Chairmanship</b>	Independent Non-Executive Director appointed by the Board. In the absence of the Chairman, one of the remaining Independent Non-Executive Directors present can be appointed as an Alternate Chairman of the meeting.
4.	<b>Members/ Composition</b>	The membership of the BAC shall consist of not less than three (3) members, majority of which must be Independent Non-Executive Directors.
5.	<b>Minimum qualification requirements and best practices</b>	At least one (1) member of the BAC:-  (i) Must be a member of the Malaysian Institute of Accountants (“MIA”); or  (ii) If the member is not a member of the MIA, the member must have at least three (3) years working experience with strong financial literacy in the areas of accounting, auditing and the financial reporting process.
6.	<b>Approval of Terms of Reference</b>	The Terms of Reference (TOR) of BAC shall be approved by the Board.
7.	<b>In attendance/ Non-member invitees</b>	(i) President/Chief Executive Officer (“P/CEO”) (or designated representative).  (ii) Chief Internal Auditor (“CIA”) (or representative from Audit and Assurance Department (“AAD”)).  The BAC Chairman, may at his discretion, invite any other person from time to time to attend the meetings.
8.	<b>Secretary</b>	Head of Corporate Secretarial Department (“CSD”) or a representative from CSD.
9.	<b>Frequency of meeting</b>	At least once every two (2) months or as and when required.

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10.	<b>Quorum for meeting</b>	<p>The quorum shall be three (3) members. In case of insufficient quorum, the meeting shall be adjourned to such other date and at such other time and venue as the members may determine.</p> <p>A director interested in a contract or a proposed contract or arrangement shall be counted for the purpose of determining a quorum. However, he/she must abstain from participating in discussions and decisions on matters directly involving him/her to avoid any conflict of interest.</p> <p>The quorum must be present in person. However, a member may also constitute the quorum by means of audio, or audio and visual communication where he/she is unable to be present in person with the BAC Chairman's approval.</p>
11.	<b>Quorum for decision making</b>	<p>Decisions arising at any meeting be decided by a majority vote. In the event of an equal voting, the BAC Chairman shall have a second or casting vote.</p>
12.	<b>Circular Resolution</b>	<p>In the interim period between meetings, if the need arises, urgent issues shall be resolved through circular resolution. A circular resolution in writing, signed by all of the BAC members, shall be valid and effective as if it had been passed at a meeting duly convened and constituted.</p> <p>Any such circular resolution shall be recorded by the Company Secretary in the minutes book, and may consist of several documents in the like form, each signed by one (1) or more members. The expression 'in writing' or 'signed' include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.</p>
13.	<b>Roles and responsibilities</b>	<p>The roles and responsibilities of BAC are as follows:-</p> <ol style="list-style-type: none"> <li>1. To support the Board in ensuring that there is a reliable and transparent financial reporting process.</li> <li>2. To ensure that the financial accounts are prepared in a timely and accurate manner and ensure prompt finalization of the of Audited Financial Statements.</li> <li>3. Reporting:-             <ol style="list-style-type: none"> <li>(i) Review the financial statements (half yearly and annually basis), preliminary results release and any other formal releases relating to its financial performance prior to escalation to the Board for approval;</li> </ol> </li> </ol>

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		<ul style="list-style-type: none"><li>(ii) To inform the Board on the issues and concerns discussed during its meetings, including those raised by the External Auditors and where appropriate, make the necessary recommendations to the Board for approval; and</li><li>(iii) To review and endorse the status and progress of Management's responses and corrective measures on issues raised by Bank Negara Malaysia, Ministry of Finance, Jabatan Audit Negara Malaysia, Jabatan Akauntan Negara Malaysia or other regulatory bodies prior to submission to the Board for approval.</li></ul> <p>4. Oversee the effectiveness of the Internal Audit function:-</p> <ul style="list-style-type: none"><li>(i) To oversee the functions of the internal audit and to ensure compliance with BNM Corporate Governance Guideline, BNM Guidelines on Internal Audit Function of Licensed Institutions, Malaysian Corporate Code of Governance and any other requirements of the relevant laws and regulations of others regulatory authorities;</li><li>(ii) To review the adequacy of internal controls, including the scope of the internal audit function, the internal audit findings, and to recommend actions to be taken by Management;</li><li>(iii) To review and approve the audit scope, audit procedures and frequencies and the annual internal audit plan;</li><li>(iv) To review and recommend the Audit Charter for Board's approval, in order to ensure that the internal audit function can be discharged effectively;</li><li>(v) To review key audit reports (including reports on internal controls, risk management processes, compliance with statutory requirements and governance practices) and ensuring that Management is taking the necessary corrective actions in a timely manner to address weaknesses, non-compliance with laws, regulatory requirements, policies and other material issues identified;</li><li>(vi) To recommend for the Board's approval the appointment, re-appointment, non-renewal, remuneration package, performance appraisal, transfer and dismissal of the CIA;</li></ul>
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		<ul style="list-style-type: none"><li>(vii) To review and moderate annual performance appraisal results of AAD staff subsequent to evaluation by the CIA and moderation by the Management in the presence of the CIA;</li><li>(viii) To review the assessment or findings arising from the Shariah audit and report on the non-compliance events to the Shariah Committee and the Board and ensure management takes action to address any issues or shortfalls;</li><li>(ix) To note significant disagreements between the CIA and the Management, irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings;</li><li>(x) To perform internal assessment on AAD annually via the BAC Evaluation on AAD Form;</li><li>(xi) To perform external assessment on AAD once in every 5 years by external party, unless such review is warranted on a more frequent basis; and</li><li>(xii) To oversee the effectiveness of the internal audit function, staff competency requirements and adequacy of audit resources, and that internal audit has the necessary authority to carry out its functions.</li></ul> <p>5. Oversee the effectiveness of Integrity &amp; Investigation Department (“IID”) function:-</p> <ul style="list-style-type: none"><li>(i) To oversee the functions of the integrity and investigation and ensure its core functions are implemented and carried out accordingly, i.e., complaints verification and management, integrity enhancement and governance;</li><li>(ii) To review the adequacy of integrity and governance programs, initiatives, and activities for preserving highest standard of integrity and good governance in the Bank;</li><li>(iii) To review and recommend for Board’s approval the annual performance report on the effectiveness of EXIM’s Anti-Bribery Management System that is in</li></ul>
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		<p>accordance with the standard requirement of ISO 37001 ABMS 2016;</p> <p>(iv) To review and recommend for Board's approval the development of EXIM's Organizational Anti-Corruption Plan (OACP) and ensuring completion of the identified strategic plan in a timely manner, i.e., Short-Term Plan (1-3 Years) and Long-Term Plan (4-5 Years).</p> <p>(v) To review and recommend for Board's approval the submission of Integrity and Governance Unit Report to Bahagian Pengurusan Integriti Agensi MACC every six months;</p> <p>(vi) To review and approve the department's Annual Plan;</p> <p>(vii) To review the Investigation Report (including reports on Whistleblowing disclosures, control lapses and non-compliance with statutory requirements and governance processes) for recommendation to the Board for approval and to ensure that Management is taking the necessary corrective actions in a timely manner to address weaknesses, non-compliance with laws, regulatory requirements, policies and other material issues identified;</p> <p>(viii) To recommend for the Board's approval the appointment, re-appointment, non-renewal, remuneration and benefit package, performance appraisal, transfer, and dismissal of the Head IID;</p> <p>(ix) To review and moderate annual performance appraisal results of IID staff subsequent to evaluation by the Head of IID and moderation by the Management in the presence of the Head of IID;</p> <p>(x) To oversee the effectiveness of the integrity and investigation function, staff competency requirements and adequacy of integrity and investigation resources, and that integrity and investigation have the necessary authority to carry out its functions;</p> <p>(xi) AAD to perform risk assessment on IID at least once in every three years; and</p> <p>(xii) No external assessment on IID is required as per the industry's practice by DFIs and Commercial Banks.</p>
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		<p>6. Oversight over External Auditor:-</p> <ul style="list-style-type: none"><li>(i) To oversee the functions of the External Auditor and to ensure compliance with BNM Corporate Governance Guidelines, BNM Guidelines on External Auditor, Malaysian Corporate Code of Governance and any other requirements of the relevant laws and regulations of other regulatory authorities;</li><li>(ii) To recommend to the Board for approval on the appointment or re-appointment, removal and remuneration of the External Auditor;</li><li>(iii) To review and approve the scope of the External Auditor's audit plan, monitor and assess the effectiveness of the external audit carried out including meeting with External Auditor without the presence of Management at least annually;</li><li>(iv) To ensure Management is taking the necessary corrective actions as per the Management's responses in a timely manner to address the external audit findings as per the Management Letter;</li><li>(v) To monitor and assess the independence of the External Auditor including recommending to the Board for approval the provision of non-audit services by the External Auditor;</li><li>(vi) To ensure that the financial statements are prepared in a timely and accurate manner with emphasis on, among others, significant matters highlighted in the financial statements and significant judgment made by Management that include the adequacy of allowances against contingencies and impaired assets;</li><li>(vii) 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 judgment of the External Auditor; and</li><li>(viii) To maintain regular, timely, open and honest communications with the External Auditor and requiring the External Auditor to report to the BAC on significant matters.</li></ul> <p>7. Related Party Transactions ("RPT") and/or Connected Party Transaction ("CPT"):-</p>
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		<ul style="list-style-type: none"> <li>(i) To review RPT and/or CPT and to seek the Board’s approval for such transactions apart from all financing facilities with connected party which are reviewed and deliberated by both the Management Credit Committee and Board Credit Committee for recommendation to the Board in line with EXIM Bank’s Guidelines on Connected Parties Transactions Version 1.0 (2017); and</li> <li>(ii) To monitor and ensure compliance with the Bank’s Conflict of Interest Policy.</li> </ul> <ul style="list-style-type: none"> <li>8. To review the accuracy and adequacy of the Chairman’s Statement in the Directors’ Report, Corporate Governance Disclosure, interim financial reports and preliminary announcements in relation to the preparation of the financial statements.</li> <li>9. Review third-party opinions on the design and effectiveness of the EXIM Bank’s internal control framework.</li> <li>10. To review and endorse the status and progress of Management’s responses and corrective measures on issues raised in the Composite Risk Rating (“CRR”) letter from BNM before the same is tabled to the Board for approval.</li> <li>11. Review the Bank’s compliance to all relevant regulations including Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) measure.</li> <li>12. To deliberate investigation reports in relation to whistleblowing cases and decide on actions to be taken in accordance with the Bank’s Whistle Blowing Policy.</li> <li>13. To carry out such other responsibilities as may be delegated to BAC by the Board from time to time.</li> </ul>
14.	<b>Authority</b>	<ul style="list-style-type: none"> <li>1. The BAC in discharging its duties, has explicit authority to investigate any matters within its Terms of Reference.</li> <li>2. BAC shall have full authority to seek/obtain information from any employee of the Bank and to commission any investigations or reports, which it deems necessary to facilitate its duties and obligations.</li> </ul>

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		<p>3. BAC shall have the authority to obtain external or independent professional advice or expertise, if necessary, with expenses related thereto to be borne by the Bank.</p> <p>4. BAC is able to convene meetings with the Internal/External Auditors without the presence of the P/CEO or the Management.</p> <p>5. At least on annual basis, BAC shall meet with the CIA and/or External Auditor without the presence of the Management.</p>
15.	<b>Submission of papers</b>	Submission of papers to the BAC shall be no later than three (3) working days prior to the meeting.
16.	<b>Notice of Meeting</b>	Notice of Meeting to be issued to the BAC members not later than seven (7) calendar days prior to the meeting date unless consent for a shorter notice especially for special meetings has been obtained from the BAC Chairman.
17.	<b>Meeting Allowance</b>	The meeting allowance shall be determined by the Ministry of Finance.

*Note : Approved by BOD at 331<sup>st</sup> Meeting on 29 September 2023*