

# **CMB Wing Lung Bank Limited**

## **The Terms of Reference for the Audit Committee**

### 1. Membership

The Audit Committee (the “Committee”) shall be made up of non-executive directors, the majority of whom shall be independent. The chairman shall be an Independent non-executive director with a background in accounting, banking or other relevant financial industry. To ensure independence, the chairman of the Committee shall not also be the chair of the board or of any other committees. The Committee shall consist of not less than three members. A quorum shall be two members. If the Chairman is not present at the meeting, the members present will choose one of their members to be the Chairman of the meeting.

### 2. Frequency of meetings

Meetings shall be held not less than thrice a year, and proper minutes of the meetings shall be kept. The Committee shall meet with the external auditors at least once a year.

### 3. Minutes

Any minutes signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

### 4. Resolution

A resolution in writing signed by all the members shall be effective for all purposes as resolution passed at a meeting of the Committee duly convened.

### 5. Authority

The Committee is authorized by the Board to deal with any matter within its terms of reference and to obtain outside professional advice if it deems fit.

### 6. Term of office

The term of office for members shall be three years.

### 7. Duties

- To draw up, review and update periodically the terms of reference for the Board’s approval indicating the Committee’s composition, authority and duties, as well as the manner of reporting to the Board;
- To monitor the Bank’s financial reporting process and relevant output, including arrangements through which concerns about possible improprieties in matters of financial reporting can be raised;

- To oversee the establishment of the Bank's accounting policies and practices (including quality of accounting estimates and disclosures) and review significant judgements made in financial reporting within the Bank's financial statements;
- To review and recommend for the Board approval of the audited annual financial statements together with the independent auditor's report and the interim financial disclosure statement;
- To recommend the Board's approval of the appointment of the Chief Auditor of the Bank;
- To recommend the Board's approval of the audit charter drawn up and updated periodically by the Internal Audit Department;
- To approve, periodically, the audit plan as well as the related manpower and financial resources required after identifying the areas of risk within the Bank's operations to be covered;
- To review the performance of the Chief Auditor and the effectiveness of the Internal Audit Department of the Bank;
- To review reports and significant recommendations provided by Internal Audit Department and management plans for their implementation;
- To make recommendations to the Board with regard to the appointment of the Bank's external auditors and related matters (including terms of engagement and remuneration) and oversee the work of the external auditors (such as considering their audit work plan and reviewing their audit conclusions and recommendations);
- To report to the Board regularly on the work performed by the Committee and its significant findings, and the progress in implementing any remedial actions to address deficiencies identified in the Bank's internal control systems (including those identified by internal and external auditors, the Committee or the Hong Kong Monetary Authority);
- To provide opportunities for external and internal auditors to meet and discuss their respective findings;
- To review / propose / recommend the approval of significant policies; and
- To execute other duties as may be delegated by the Board.

#### 8. Reporting procedure

The Committee shall report to the Board on their decisions and recommendations after each meeting. The minutes of the meetings of the Committee shall be circulated to all members of the Board.

#### 9. Review

The Terms of Reference for the Audit Committee should be reviewed annually.