

- Closely coordinate with the External Auditor during all phases of the external audit engagement, as follows:
 - Discuss and agree to the terms of the engagement letter issued by the external auditor prior to the approval of the engagement. Where relevant, the engagement letter should reflect changes in circumstances relevant to the external audit;
 - Obtain an understanding of the scope and audit approach which shall be adopted by the external auditor for purposes of meeting the bank's financial reporting requirements;
 - Ascertain and take steps to address the major areas of concern identified by the external auditor during the course of its audit. These issues may cover significant accounting estimates, valuation methodologies and accounting policies adopted;
 - Review management representation letters before these are transmitted to the External Auditor to ensure that items in the letter are complete and appropriate;
 - Assess the extent of cooperation provided by the bank's management during the conduct of the external audit; and
 - Understand and duly assess the External Auditor's opinion regarding the capability of the bank's management and the adequacy of accounting/information systems to comply with financial and prudential reporting responsibilities.
- Maintain effective communication channels with the external auditor through regular and structured dialogues in the course of the external audit by focusing on the key accounting or auditing issues that, in the external auditor's judgment, give rise to a greater risk of material misstatement of the financial reports, as well as other external audit concerns of the Audit Committee. Internal and external auditors should be allowed and encouraged to attend the meetings of the Committee. During regular meetings, matters that may be raised include audit findings that would impact on the bank's compliance with regulatory requirements, disclosures and other accounting concerns.

3. Oversight of the Bank's Internal Auditor

- Responsible for the establishment of the Internal Audit Group and the appointment, re-appointment and replacement of the Chief Audit Executive (who will report directly to the BACC functionally) and the Deputy Chief Audit Executive. The responsibility of the BACC shall include the annual performance review of the CAE, accepting the resignation and/or dismissal subject to due process.
- Recommend for the approval of the Board of directors the annual remuneration of the CAE and the Deputy Chief Audit Executive.
- Review, evaluate and approve the Annual Audit Plan to include the audit scope, frequency and prioritization of high risk business units/entities as well as approve any significant change to the Annual Internal Audit Plan.
- Ensure that the Internal Audit Group has adequate resources in terms of manpower, budget and training to effectively fulfill its independent duties in the expedient implementation of the Annual Audit Plan.