Terms of Reference of the Audit Committee of the Board of Directors of Yibin City Commercial Bank Co., Ltd

Chapter I General Provisions

Article 1 In order to enhance the functions of the Board of Directors of Yibin City Commercial Bank (hereinafter referred to as the "**Bank**") and strengthen the corporate governance of the Bank, the Audit Committee of the Board of Directors has been established, and the Terms of Reference and the Rules of Procedure are formulated in accordance with regulation documents including the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Law of the People's Republic of China on Commercial Banks, the Code of Corporate Governance of Banking and Insurance Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**") and the Articles of Association of Yibin City Commercial Bank Co., Ltd (hereinafter referred to as the "**Articles of the Bank**").

Article 2 The Audit Committee is a special committee under the Board of Directors of the Bank and is accountable to the Board of Directors. Under the leadership of the Board of Directors, the Committee is responsible for the supervision and inspection of the operation and management, risk and compliance, accounting policies, financial reporting procedures and financial position of the Bank, reviewing the Bank's financial information and disclosure, performing the duties of supervision, assessment, evaluation and assurance for the internal and external audit work of the Bank, and exercising the relevant functions and powers of the board of supervisors as stipulated by the Company Law.

Chapter II Composition

Article 3 The Audit Committee shall consist of three directors, all of whom shall be Directors who do not hold any senior management position in the Bank and at least two of whom shall be independent Directors. Employee Directors may serve as members of the Audit Committee. The member of the Audit Committee shall possess professional knowledge and working experience in certain fields, such as finance, auditing and accounting or law, and at least one of the independent Directors serving as members of the Audit Committee shall possess appropriate professional qualifications or appropriate accounting or related financial management expertise. A former partner of the current external audit firm of the Bank shall not serve as a member of the Audit Committee within two years from the date on which he or she ceases to be a partner of the external audit firm or ceases to have a financial interest in the current external audit firm, whichever is later.

Article 4 The Audit Committee shall have in place one convener, who shall be a professional accountant among the independent Directors, and shall be responsible for presiding over the work of the Audit Committee.

Article 5 The convener and other members of the Audit Committee shall be nominated by the Chairman of the Board, more than one-half of the independent Directors or at least one-third (inclusive) of all Directors and shall be elected by the Board of Directors.

Article 6 The term of office of the members of the Audit Committee shall be the same as that of the Directors and members of the Audit Committee may serve consecutive terms if re-elected upon expiration of their term of office. If a member ceases to serve as a Director during his or her term of office, his or her qualification as a member shall be lost spontaneously. Members may, prior to the expiration of their term of office, tender a written resignation to the Board of Directors, and the Audit Committee shall fill the casual vacancy in accordance with the provisions of Articles 3 to 5 above. If the resignation of members causes the number of the members of the Audit Committee to fall below the minimum statutory number or results in a lack of accounting professionals, the original members shall continue to perform their duties until new members take office.

Article 7 The Audit Committee shall have an office in place. The office shall be established under the Internal Audit Department, and the head of internal audit shall also serve as the secretary of the Audit Committee.

The daily work of the Audit Committee, including work communication, meeting organization, preparation of materials, and file management, shall be organized and implemented by the secretary of the Audit Committee together with relevant departments in accordance with the procedures stipulated by laws, the securities regulatory rules of the place where the Bank's securities are listed, and the Articles of the Bank.

Chapter III Duties and Powers

Article 8 The primary duties of the Audit Committee shall include:

(1) to be in charge of the annual audit work of the Bank, propose the appointment, reappointment, dismissal or replacement of external audit firms, propose approval of the remuneration and terms of appointment of external audit firms, and handle any issues in relation to the resignation or dismissal of the audit firms; to serve as the main representative between the Bank and the external audit firm to supervise the relationship between them; to supervise and evaluate the audit work of the external audit firm and its independence and objectivity. The Audit Committee shall discuss the nature and scope of the audit with the external audit firm before the commencement of the audit work, and shall regularly (at least annually) submit to the Board of Directors an evaluation report on the performance of the appointed external audit firm and a report on the Audit Committee's fulfilment of its supervisory duties over the external audit firm;

(2) to formulate and implement policies on the provision of non-audit services by external audit firms. For the purpose of this provision, an "external audit firm" shall include any entity under common control, ownership, or management with the company responsible for the audit or a third party with reasonable knowledge of all relevant information, which is reasonably deemed as a part of the domestic or international operations of the company responsible for the audit. The Audit Committee shall report to the Board of Directors and make recommendations on any matters requiring action or improvement;

(3) to examine the completeness of the financial statements (including those required that are disclosable to shareholders in the annual report), annual report and accounts, interim reports and (if published) quarterly reports of the Bank, review the significant opinions on financial reporting as set out in financial statements and reports, changes in accounting policies and accounting estimates or corrections of material accounting errors made for reasons other than changes in accounting standards, and make judgment reports on the authenticity, accuracy and completeness of audited financial reporting information for submission to the Board of Directors for consideration. Prior to submitting the relevant statements and reports to the Board of Directors, the Committee shall review in particular any changes in accounting policies and practices, areas involving significant judgements, significant adjustments arising from the audit, the assumption of going concern of the Bank and any qualified opinions, the compliance with accounting standards and financial reporting requirements under the Hong Kong Listing Rules and the laws.

For the purpose of this article, the Audit Committee shall liaise with the Board of Directors and senior management. The Audit Committee shall meet with the audit firm of the Bank at least twice a year. The Audit Committee shall consider any significant or unusual matters reflected or required to be reflected in such reports and accounts, and shall give due consideration to any matters raised by the internal accounting and financial reporting staff, internal audit, and compliance department staff of the Bank or audit firm;

(4) to review the audit explanatory letters given to the management by the external audit firm, significant concerns raised by the auditors to management on accounting records, financial accounts or systems of control and responses from the management, and to ensure that the Board of Directors responds in a timely manner to the issues raised in the audit explanatory letters to the management by the external audit firm;

(5) to review material systems and reports including the internal audit charter, approve medium-to-long-term audit plans and annual audit plans, guide and supervise internal audit work as authorized by the Board of Directors;

(6) to establish a scientific incentive and restraint mechanism for the internal audit department as authorized by the Board of Directors, assess the performance of the chief auditor, and guide the internal audit department in evaluating the professional competence of internal auditors on a regular basis;

(7) to report to the Board of Directors on the progress, quality and audit findings of the internal audit work, and material audit findings and rectification;

(8) to provide sufficient opportunities for the Board of Directors of the Bank to interact with the external audit firm and the internal audit department; to ensure that the internal audit function is provided with sufficient resources and appropriate status within the Bank; and to review and monitor its effectiveness;

(9) to supervise and evaluate the Bank's internal control, discuss on internal control systems with the management to ensure that management has performed its responsibilities to establish an effective system. The discussion shall cover the sufficiency of resources of the Bank, staff qualifications and experience in accounting and financial reporting functions, and the sufficiency of training courses organized for employees and related budgets; supervise the effective implementation of internal control, and coordinate internal control audits and other related matters;

(10) to conduct research on significant findings on internal control matters and the responses from the management to the findings, either on its own initiative or as delegated by the Board of Directors;

(11) to review the financial and accounting policies and practices of the Bank and its subsidiaries, and communicate with the management;

(12) to report to the Board of Directors on the matters listed in (1) to (11) above and other matters as set out in the provisions of Appendix C1 Corporate Governance Code to the Hong Kong Listing Rules (and as amended from time to time) regarding the Audit Committee;

(13) to review the following arrangements that have been put in place by the Bank, where the employees of the Bank may raise concerns about potential improprieties in financial reporting, internal control or other aspects. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate action to be taken by the Bank;

(14) to propose the appointment or dismissal of the chief financial officer;

(15) to supervise the performance of duties by Directors and senior management and to conduct a comprehensive evaluation of their performance;

(16) to propose the removal of any Director or senior management who violates laws, administrative regulations, the Articles of the Bank, or resolutions of the general meeting;

(17) to require Directors or senior management to rectify any conduct that is detrimental to the interests of the Bank;

(18) to propose the convening of an extraordinary Board meeting in accordance with the Articles of the Bank;

(19) to propose convening extraordinary general meetings in accordance with the Articles of the Bank, and to convene and preside over the general meetings when the Board of Directors fails to perform its duties as stipulated by the laws to convene and preside over the general meetings;

(20) to submit proposals to the general meetings;

(21) to accept a Shareholder's request and initiate legal proceedings against Directors and senior management other than members of the Audit Committee who have violated laws, administrative regulations, or the Articles of the Bank in the course of performing their duties for the Bank and caused losses to the Bank, in accordance with the relevant provisions of the Company Law; and

(22) to study other topics as defined by the Board of Directors and other matters as authorized by laws, regulations, securities regulatory rules of the places where the securities of the Bank are listed or by the Board of Directors.

Article 9 The Audit Committee shall be provided with sufficient resources to perform its duties. The management and relevant departments of the Bank shall co-operate with the Audit Committee in the performance of its duties. Directors and senior management shall truthfully provide the Audit Committee with relevant information and materials, and shall not obstruct the Audit Committee from exercising its duties, so as to ensure that the Audit Committee's performance of duties is free from interference. The necessary expenses incurred by the Audit Committee in exercising its powers shall be borne by the Bank.

Chapter IV Terms of Reference

Article 10 The Audit Committee shall, in principle, convene at least two meetings each year. The Chairman of the Board of Directors, the convenor, or two or more members of the Audit Committee are entitled to propose the convening of an extraordinary meeting as necessary.

Article 11 Meetings of the Audit Committee shall be convened and chaired by the convenor, who may delegate a member to preside over the meeting if he or she is unable to attend. The time and place of the meeting of the Audit Committee shall be decided by the convenor.

Article 12 Notice of an Audit Committee meeting shall be given to all members 3 days in advance. However, in special circumstances where a meeting is required to be held as soon as possible, notice may be given to all members at any time by telephone or other oral means, provided that the reason for the urgency to hold the meeting immediately is stated.

Article 13 The Audit Committee shall generally discuss on material matters by way of physical meetings. Where necessary, meetings may be held by video, telephone or other means, provided that all participating members can fully communicate and express their opinions.

Any vote taken at the Audit Committee meeting shall be taken by a show of hands or by poll, and if the meeting is convened through voting by means of communication, votes may be taken by circulation of a written resolution.

Article 14 The Audit Committee meetings shall only be convened with the presence of at least two-thirds of the members. Each member shall have one vote, and the resolution of the Audit Committee shall be passed by a simple majority of the votes of members of the Audit Committee.

Any member of the Audit Committee who is interested in matters discussed at the meeting shall abstain from voting. If an effective review opinion cannot be formed due to such abstention, the relevant matters shall be submitted to the Board of Directors for consideration.

Article 15 Members of the Audit Committee shall attend the meetings of the Audit Committee in person. A member who is unable to attend the meeting for a reason shall appoint an independent Director member in writing to vote on his/her behalf, and the relevant responsibility shall still be borne by the appointing member. Where a member of the Audit Committee fails to attend two consecutive meetings in person or to appoint other member to attend the meetings on his/her behalf, he or she shall be deemed incapable of performing his or her duties, and the Audit Committee shall recommend to the Board of Directors to remove such members.

Article 16 The Audit Committee may invite the Directors, senior management of the Bank, the person-in-charge of the external audit firm, the head of internal audit department and other relevant persons to attend the meeting, if necessary.

Article 17 The convening procedures, means of voting and resolutions passed at the meetings of the Audit Committee shall be in compliance with the relevant laws and regulations, the securities regulatory rules of the place where the securities of the Bank are listed, the Articles of the Bank and the provisions of the Terms of Reference.

Article 18 Meeting minutes of the Audit Committee shall be duly taken and the members attending the meetings shall sign on the minutes. The minutes shall be kept by the office of the Audit Committee.

Article 19 The resolutions passed at the meetings of the Audit Committee and poll results shall be reported in writing to the Board of Directors of the Bank.

Article 20 The members attending the meetings of the Audit Committee shall be bound by the duty of confidentiality in relation to the matters discussed at the meetings and shall not disclose the relevant information without authorization.

Chapter V Supplementary Provisions

Article 21 Matters not covered herein shall be implemented in accordance with the relevant national laws and regulations, the securities regulatory rules of the place where the securities of the Bank are listed and the Articles of the Bank. In case of any conflict between the Terms of Reference and the relevant national laws and regulations promulgated in the future, the securities regulatory rules as amended from time to time of the place where the securities of the Bank are listed, or the Articles of the Bank as revised through due procedures, the Terms of Reference shall be implemented in accordance with the relevant national laws and regulations, the securities regulatory rules of the place where the securities of the Bank are listed and the Articles of the Bank, and are to be immediately revised and submitted to the Board of Directors for review and approval.

Article 22 The Board of Directors of Yibin City Commercial Bank shall be responsible for formulating, interpreting and amending the Terms of Reference.

Article 23 The Terms of Reference shall be effective from the date on which the Articles of Association of the Bank are approved by the banking regulatory authority after being considered and approved by the Board of Directors. The original "Terms of Reference of the Audit Committee of the Board of Directors of Yibin City Commercial Bank Co., Ltd" (Yibin Shang Hang Dong [2024] No. 52) shall be repealed at the same time.