

COMPOSITION OF BOARD REMUNERATION COMMITTEE

- | | | |
|----|---------------------|----------|
| 1. | Datin Ooi Swee Lian | Chairman |
| 2. | Dato' Lee Teck Hua | Member |

TERMS OF REFERENCE

1. Objective

- 1.1 The Board Remuneration Committee (“BRC”) assists the Board of Directors (“the Board”) to provide a formal, transparent and consistent procedure for developing remuneration policies for directors, CEO and other senior management and ensuring that the remuneration policies are consistent with the Bank’s culture, objectives, strategy and risk appetite, and appropriate to promote good corporate governance practices, as well as to comply with legal and regulatory requirement.
- 1.2 Senior management of the Bank comprises of Chief Executive Officer/Managing Director (“CEO/MD”), Deputy Managing Director, Assistant Managing Director, Chief-levels below CEO/MD, other Chief-levels equivalent role and other Senior Management members as may be determined by the Board.

2. Composition

- 2.1 The BRC shall comprise of:-
 - (i) at least three (3) members of non-executive directors;
 - (ii) majority shall be independent non-executive directors; and
 - (iii) be chaired by an independent director, who is not the chair of the Board.
- 2.2 The independent director may have the expertise or experience in remuneration practices and risk taking.

3. Roles and Responsibilities

The BRC shall be responsible to:

- 3.1 Ensure the establishment of the relevant remuneration and human resource policies, strategies and framework governing the directors, Senior Management and employee of the Bank, and to recommend the same for approval by the Board.
- 3.2 Ensure the overall remuneration framework of the Bank comprises, at a minimum, the following elements:-
 - 3.2.1 in line with the business and risk strategies, corporate values and long term interest of the Bank;
 - 3.2.2 promoting prudent risk-taking behaviour and ensuring individuals to act in the interest of the Bank as a whole; and
 - 3.2.3 ensuring risk exposures and risk outcomes are adequately considered taking into input from the control functions and the Board Risk Management Committee.

The abovesaid remuneration framework covers all aspects of remuneration including directors' fee and other emolument, salaries, allowances, bonuses and benefit-in-kind.

- 3.3 Ensure the remuneration outcome for individuals within the Bank are symmetric with risk outcomes which includes:-
 - 3.3.1 remuneration is adjusted to account for all types of risk and must be determined both by quantitative measures and qualitative judgement;
 - 3.3.2 size of the bonus pool is linked to the overall performance of the Bank;
 - 3.3.3 the incentive payments are linked to the contribution of the individual and business unit to the overall performance of the Bank; and
 - 3.3.4 variables used to measure risk and performance outcomes of the individual are related closely to the level of accountability of the individual.
- 3.4 Ensure the remuneration of individuals engaged in control functions are principally based on the achievement of control functions objectives to safeguard the independence and authority of these control functions.
- 3.5 Review the remuneration package of the CEO and other Senior Management as well as other material risk taker(s) of the Bank (to be determined from time to time) as well as to review the Bank's overall yearly bonus quantum for necessary approval by the Board.
- 3.6 Review periodically the remuneration package of the directors to ensure the same remains competitive and commensurate with the contribution, level of expertise, commitment and responsibilities as undertaken by the directors.
- 3.7 The Committee may appoint independent advisor, as it deems necessary to provide advisory or consultation services to assist the Committee in the discharge of its duties and responsibilities at the expense of the Bank.
- 3.8 Perform any other roles or functions as assigned by the Board.

4. Procedures and Meetings

- 4.1 Frequency of meetings
 - 4.1.1 The BRC shall meet as frequently as may be necessary subject to a minimum of one meeting a year and in any case, upon requisition of any member of the BRC to transact such matters as are set out in its terms of reference.
 - 4.1.2 The BRC meeting will be held in Malaysia and/or overseas as may be agreed by the BRC members in conjunction with the convening of the Board's meeting in the event the same is to be held overseas.

4.2 Quorum

- 4.2.1 The quorum shall be two (2) members present in person with a majority being independent non-executive director.

4.3 Notice of Meetings

- 4.3.1 Consent from the Chairman of the BRC is required for the convening of any meeting. At least seven (7) days' notice is required for any meeting but may be shortened by agreement of all members present who are sufficient to form a quorum.
- 4.3.2 Upon consultation with the Chairman of the BRC, meeting materials should be circulated to the BRC members by the Company Secretary at the same time the agenda of the meeting is circulated. If not available, at a shorter period as may be consented by the Chairman of the BRC.
- 4.3.3 The agenda will be sent to the BRC members together with the notice of meeting.
- 4.3.4 Under special circumstances, urgent and ad-hoc matters may be tabled at the meeting with the consent of the Chairman.

4.4 Chairman of the Meeting

- 4.4.1 The Chairman of BRC shall be an independent non-executive director and be appointed by the Board.
- 4.4.2 The BRC meeting will be presided over by the Chairman of the BRC or in his/her absence, such independent director as nominated by the meeting.
- 4.4.3 The Chairman of the BRC or the chairman of the meeting shall take reasonable steps to ensure the proper functioning of the meeting.

4.5 Secretary

- 4.5.1 The Company Secretary shall be the secretary of the BRC.
- 4.5.2 In the absence of the Company Secretary, secretarial officer or appropriate HR personnel as may be appointed by the BRC members will be the secretary of the meeting.

4.6 Attendance and Conduct of Meetings

- 4.6.1 Each member must devote sufficient time to prepare and attend the BRC meetings.
- 4.6.2 The meeting could either take place in a single physical location or by means of tele/video conferencing or similar communication system whereby all the participants can hear and address each other at the same time.
- 4.6.3 The BRC may invite other directors, Chief Executive Officer, other senior management and staff to its meetings to assist in the discharge of the committee's functions as deemed appropriate.

4.7 Voting

- 4.7.1 A majority of vote shall be required to pass or defeat any resolution. In the case of an equality of votes, the Chairman has a casting vote in addition to any other vote he/she may have. However, should there be only two members in attendance (inclusive of Chairman of the BRC), the vote must be unanimous in order to pass or defeat any resolution.
- 4.7.2 Alternatively, the matter is to be referred to the Board for decision; and any delegation of authority to the Chairman of the Board to handle the matter will be at the discretion of the Board.
- 4.7.3 Member(s) of the BRC shall abstain from participating in discussions and decisions making on matter(s) of his/her interest.

4.8 Minutes

- 4.8.1 Minutes of each meeting should be prepared in sufficient detail to cover the substance of all discussion held to document the procedures to discharge the Committee's duties and responsibilities and provide an effective mean of reporting to the Board.
- 4.8.2 Minutes of meeting is to be distributed to all the members of the BRC for confirmation. The confirmed minutes of meeting is to be signed by the Chairman of the BRC or in his/her absence, by the chairman of the meeting.
- 4.8.3 The minutes of the BRC meeting shall be tabled to the Board for notation.
- 4.8.4 A resolution in writing, signed by all the members of the BRC, shall be valid and effectual as if it had been passed at a meeting of the BRC duly convened and held.

5. Others

The Terms of Reference of the BRC will be reviewed as and when deemed appropriate so as to maintain its relevancy with the business operation of the Bank and in line with the regulatory requirement.