

HONG LEONG ISLAMIC BANK BERHAD

BOARD CHARTER

HONG LEONG ISLAMIC BANK BERHAD (“HLISB” or the “Bank”) - BOARD CHARTER

The Board Charter sets out the mandate, responsibilities and procedures of the Board of Directors (“Board”), and Board Committees in accordance with principles of good governance set out in the policy documents and guidelines issued by Bank Negara Malaysia (“BNM”) and other relevant regulatory authorities.

The Board shall periodically review and update the Board Charter in tandem with any changes to regulatory requirements.

1. Introduction

- 1.1 The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank.
- 1.2 The Board elects a Chairman whose primary responsibility is the effective overall functioning of the Board.
- 1.3 The Board appoints a Chief Executive Officer (“CEO”) who is responsible for the business and day-to-day management of the Bank.

2. Terms of Reference (“TOR”) of the Board

The main responsibilities of the Board are to:

- 2.1 review from time to time and approve the Bank’s corporate mission, statement and broad strategies, risk appetite, business plans and other initiatives which would have a material impact on the Bank’s risk profile including financial soundness, reputation and key operational controls and ensure that there is an appropriate risk management framework and appropriate systems to manage these risks;
- 2.2 approve the internal capital target, Internal Capital Adequacy Assessment Process (“ICAAP”) and Capital Management framework;
- 2.3 ensure that senior management discharges its responsibilities for the development and effective implementation of ICAAP;
- 2.4 review and approve specific investments and divestments;
- 2.5 review and approve material transactions before implementation;
- 2.6 ensure that the Bank has adequate management resources to achieve its objectives and to support the CEO and that a satisfactory plan for succession management is in place;
- 2.7 ensure that the Bank has in place procedures to enable effective communication with stakeholders;
- 2.8 promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank;

- 2.9 oversee and review the adequacy and integrity of the Bank's governance framework, internal control framework and management information framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines as well as to prevent Shariah non-compliance and any rectification measures to resolve incidences or circumstances that may result or have resulted in Shariah non-compliance;
- 2.10 promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent, professional behaviour in the conduct of business and reflects the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah in accordance with regulatory framework and requirements, where applicable;
- 2.11 promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies;
- 2.12 ensure the integrity of the Bank's financial and non-financial reporting;
- 2.13 establish and regularly review succession plans for the Board to promote Board renewal and address any vacancies;
- 2.14 oversee the selection, performance, remuneration and succession plans of the CEO, control function heads, material risk takers and other members of senior management, including officers who are entrusted to implement the policy document on Shariah Governance ("Officers"), and to ensure that the measures of their performance are aligned with Shariah governance objectives. The Board may delegate matters relating to appointments and assessment of senior management and Officers, control function heads and, material risk takers to Board Committees and/or CEO as the Board deems fit;
- 2.15 approve and review periodically the remuneration policy of the Bank.

The remuneration for each director, Shariah Committee ("SC"), senior management and material risk takers must be approved by the Board annually;
- 2.16 approve policies relating to governance structure and reporting arrangements, Shariah non-compliance risk management and other areas that are material to the effective implementation of Shariah governance within the Bank; and
- 2.17 oversee the implementation of Shariah Advisory Council ("SAC") rulings and decisions or advice of the SC within all business and functional lines, including any business or risk implications arising from such implementation.

3. Responsibilities of the Chairman

The Chairman is responsible to lead and coordinate the activities of the Board and has the following specific responsibilities:

- 3.1 to conduct meetings of the Board and of shareholders;

- 3.2 to schedule Board meetings in a manner that enables the Board and its Committees to perform their duties effectively;
- 3.3 to prepare, in consultation with the CEO, other directors and Committee chairmen the agendas for the Board and Committee meetings;
- 3.4 to ensure all strategic and critical issues are considered by the Board and that directors receive the relevant information on a timely basis; and
- 3.5 to encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed.

4. Responsibilities of the CEO

The CEO is the senior executive of the Bank and is responsible for:

- 4.1 formulating the vision for the Bank and recommending policy and the strategic direction of the Bank for approval by the Board;
- 4.2 providing management of the day to day operations of the Bank;
- 4.3 acting as the spokesman of the Bank;
- 4.4 implementing the business and risk strategies, remuneration, effective Shariah governance policies, procedures, practices and other policies in accordance with the direction given by the Board;
- 4.5 establishing a management structure and reporting arrangement that provides a clear scope of accountability between the business lines and the internal control functions that are involved in managing Shariah non-compliance risks, including the accountability of the senior officer leading a Shariah department or unit;
- 4.6 promoting, together with the Board, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour in the conduct of business;
- 4.7 addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner; and
- 4.8 regularly updating the Board with the material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to –
 - (i) the performance, financial condition and operating environment of the Bank;
 - (ii) internal control failures, including breaches of risk limits;
 - (iii) any potential or actual Shariah non-compliance events; and
 - (iii) legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

- 4.9 implement the rulings of the SAC and the decision or advice of the SC with due regard by the Board;
- 4.10 implement an effective communication policy that supports a sound understanding of Shariah matters across the Islamic Financial Institutions; and
- 4.11 conduct regular assessment to evaluate the quality of operational support provided to the SC and address any inadequacies arising thereof.

5. **Board Committees**

The Board has established the following Board Committees whose compositions, functions, responsibilities and authority delegated by the Board are set out in the respective Board Committees' TOR per Appendix A:

- Board Audit and Risk Management Committee
- Nomination Committee
- Remuneration Committee
- Board Information and Technology Committee

Board Committees shall report, update and keep the Board informed on the significant issues, key deliberations, recommendations and decisions on delegated matters.

6. **SC**

The roles and responsibilities of the SC as prescribed in the policy document on Shariah Governance issued by BNM are set out in the SC's TOR.

While the SC is responsible to perform an oversight role on Shariah matters related to the Bank's business operations and activities, the Board remains responsible for the direction and control of the Bank's business and risk strategies.

7. **Matters Reserved & Delegated by the Board**

The responsibilities and procedures of the Board, Board Committees and SC are set out in their respective TOR.

Matters reserved for the Board's decision include the following:

- 7.1 business direction and key strategies;
- 7.2 new or changes to the Strategic Business Plans;
- 7.3 mergers and acquisitions;
- 7.4 expansion/entry into new markets and regions;
- 7.5 corporate restructuring/reorganisation;
- 7.6 set-up of new subsidiaries; joint venture partnerships;
- 7.7 new investments/acquisitions/disposals of significant assets; and
- 7.8 any other matters, which include Shariah governance matters in accordance with the policy document on Shariah Governance, as deemed necessary by the Board.

The Board may delegate authority on any of the above matters to the Board Committees, SC, CEO, management committees or senior management as it deems fit.

8. Proceedings of Directors

- 8.1 The proceedings of Directors, where applicable, shall be governed by the provisions of the Constitution of the Bank and the relevant laws and regulations regulating the proceedings of Directors.
- 8.2 A Director must attend at least 75% of the Board meetings held in each financial year, and must not appoint another person to attend or participate in a Board meeting on his behalf.
- 8.3 Attendance at a Board meeting, by way other than physical presence, shall remain the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.
- 8.4 At least half of the number of the Board members shall form a quorum.
- 8.5 A director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Board meeting where the material transaction or material arrangement is being deliberated by the Board.

9. Conflict of Interest

The Bank has established a Directors' Conflict of Interest Policy.

10. Director's External Commitments

Directors shall devote sufficient time to carry out their responsibilities. All Directors are expected to commit time as and when required to discharge his/her duties and responsibilities, besides attending meetings of the Board and Board Committees.

Directors shall notify the Board Chairman before accepting any new directorships.

A Director of the Bank shall not hold more than five directorships in public listed companies.

HONG LEONG ISLAMIC BANK BERHAD

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

**HONG LEONG ISLAMIC BANK BERHAD (“HLISB” OR THE “BANK”)
- BOARD AUDIT AND RISK MANAGEMENT COMMITTEE****TERMS OF REFERENCE****Constitution**

The Board Audit and Risk Management Committee (“BARMC”) of HLISB has been established on 29 September 2005.

The BARMC is a committee established to support the Board in discharging the following responsibilities:

1. Oversee management’s implementation of the Bank’s governance framework and internal control framework/policies.
2. Ensure management meets the expectations on risk management as set out in the policy document on Risk Governance.
3. Oversee that management has a reliable and transparent financial reporting process within the Bank by providing independent oversight of internal and external audit functions.
4. Oversee management’s implementation of compliance risk management.
5. Promote the adoption of sound corporate governance principles as set out in the policy document on Corporate Governance within the Bank.

Composition

The BARMC shall:-

- a) have at least three directors;
- b) comprise only non-executive directors, with a majority of them being independent directors;
- c) be chaired by an independent director; and
- d) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the BARMC.

Secretary

The Secretary(ies) to the BARMC are the Company Secretary(ies) of the Bank.

Terms of Reference

External Audit

- To make recommendations to the Board on the appointment, removal and remuneration of the external auditor.
- To review the terms of engagement and the audit plan prior to engaging the external auditors and/or re-appointment of the external auditors.
- To monitor and assess the independence of the external auditor, including the approval of non-audit services by the external auditor.
- To review the assistance given by the officers of the Bank to the external auditor.
- To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the BARMC on significant matters.
- To review the report of the external auditor, including any significant matters, and to ensure that management has taken the necessary corrective actions in a timely manner to address the external audit findings and recommendations.
- To review third-party opinions on the design and effectiveness of the Bank's internal control framework.

Financial Reporting

- To review the accuracy and adequacy of the chairman's statement (if any) in the directors' report, corporate governance disclosures, interim financial reports and annual financial statements.

Related Party/Connected Party Transactions

- To review and update the Board on any related party transactions that may arise within the Bank.
- To monitor compliance with the Board's conflict of interest policy.
- To review and recommend for Board's approval, any credit transactions and exposure with connected parties.

Internal Audit

- To review and approve the adequacy of the internal audit scope, procedures, plan, and assess the performance and effectiveness of the internal audit function, including its capacity to perform audits in highly technical areas, such as in information technology related audits.
- To review the adequacy and effectiveness of internal controls and risk management processes.
- To review reports and significant findings by Internal Audit Division, including any findings of internal investigations, and to ensure that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.
- To review reports and findings issued by regulatory authorities, and to check that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the regulatory authorities.
- To support the Board in meeting the expectations on Internal Audit management as set out in BNM's policy document, "Guidelines on Internal Audit Function of Licensed Institutions".
- To note significant disagreements between the Chief Internal Auditor and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings.
- To decide on the appointment, remuneration, appraisal, transfer and dismissal of the Chief Internal Auditor (or his equivalent), and/or to provide oversight on the adequacy of resources and remuneration of the internal auditors. This includes a regular review to determine whether the internal audit function has appropriate standing to undertake its activities independently and objectively.
- To engage privately with the Chief Internal Auditor (or his equivalent) on a regular basis (and in any case at least twice annually) to provide the opportunity for the Chief Internal Auditor (or his equivalent) to discuss issues faced by the internal audit function.
- To review the Audit Charter and recommend for Board approval.
- Other audit functions as may be agreed to by the Board.

Risk Management

- To review management's activities in managing principal risks such as credit, market, liquidity, rate of return risk in the banking book, operational, Shariah compliance and the risk management process.
- To review management's reporting to the Board on measures taken to:
 - a) Identify and examine principal risks faced by the Bank.
 - b) Implement appropriate systems and internal controls to manage these risks.
- To review management's major risk management strategies, policies and risk tolerance for Board's approval.
- To review management's overall framework on the Internal Capital Adequacy Assessment Process ("ICAAP"), annual risk appetite and Capital Management Plan for Board's approval.
- To review management's development and effective implementation of the ICAAP.
- To review management's stress testing governance including the evaluation on the capital stress test scenarios, parameters, key assumptions and results.
- To review management's periodic reports on risk appetite, risk exposure, risk portfolio composition, stress testing and risk management activities.
- To review the adequacy and effectiveness of management's internal controls and risk management process.
- To review the adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
- To review risk management function's infrastructure, resources and systems and to ensure the staff responsible for implementing risk management systems perform those duties independently of the Bank's risk taking activities.
- To receive and review reports from pertinent management committees.
- To review management's implementation of risk management as set out in BNM's policy documents on Risk Governance, Corporate Governance and Shariah Governance Framework.

Risk Management (cont'd)

- To review and advise on the appointment, remuneration, removal and redeployment of the Chief Risk Officer.
- To engage privately with the Chief Risk Officer on a regular basis (and in any case at least twice annually) to provide the opportunity for the Chief Risk Officer to discuss issues faced by the risk management function.
- To review management's implementation of the remuneration system and incentives provided by the remuneration system which take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Board Remuneration Committee.
- Other risk management functions as may be agreed to by the Board.

Compliance

- To assist the Board in the oversight of the management of compliance risk by:
 - a) reviewing compliance policies and overseeing management's implementation of the same;
 - b) reviewing the establishment of the compliance function and the position of the Chief Compliance Officer /Head of Compliance ("CCO") to ensure the compliance function and CCO are provided with appropriate standing, authority and independence;
 - c) discussing and deliberating compliance issues regularly and ensuring such issues are resolved effectively and expeditiously;
 - d) reviewing annually the effectiveness of the Bank's overall management of compliance risk, having regard to the assessments of senior management and internal audit and interactions with the CCO;
 - e) overseeing the management's implementation of the principles set out in the BNM's policy document on Fair Treatment of Financial Consumers, including to promote the adoption of a sound corporate culture within the Bank which reinforces ethical, prudent and professional conduct and behaviour
 - f) updating the Board on all significant compliance matters, including providing its views on (a) to (e) above.

Compliance (cont'd)

- In relation to the role of the CCO, support the Board in meeting the expectations on compliance management as set out in BNM's policy document on Compliance by:
 - a) reviewing and advising on the appointment, remuneration, removal and redeployment of the CCO;
 - b) ensuring that the CCO has sufficient stature to allow for effective engagement with the CEO and other members of senior management;
 - c) engaging privately with the CCO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CCO to discuss issues faced by the compliance function;
 - d) ensuring that the CCO is supported with sufficient resources to perform duties effectively;
 - e) where the CCO also carries out responsibilities in respect of other control functions, the BARMC shall be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by the CCO.
- Other compliance functions as may be agreed to by the Board.

Authority

The BARMC is authorised by the Board to review any activity of the Bank within its terms of reference. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the BARMC.

The BARMC is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

Meetings

The BARMC meets at least six (6) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The Group Managing Director of Hong Leong Bank Berhad (HLB), Managing Director/Chief Executive Officer (MD) of HLISB, Chief Internal Auditor, Chief Risk Officer, Chief Financial Officer, Chief Compliance Officer, Chief Shariah Officer, other senior management and external auditors may be invited to attend the BARMC meetings, whenever required.

Meetings (cont'd)

At least twice a year, the BARMC will have separate sessions with the external auditors without the presence of Executive Directors and management.

Issues raised, discussions, deliberations, decisions and conclusions made at the BARMC meetings are recorded in the minutes of the BARMC meetings. A BARMC member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the BARMC meeting where the material transaction or material arrangement is being deliberated by the BARMC.

Two (2) members of the BARMC, who shall be independent, shall constitute a quorum and the majority of members present must be independent director.

After each BARMC meeting, the BARMC shall report and update the Board on significant issues and concerns discussed during the BARMC meetings and where appropriate, make the necessary recommendations to the Board.

Revision of the Terms of Reference

Any revision or amendment to the Terms of Reference, as proposed by the BARMC, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.

HONG LEONG ISLAMIC BANK BERHAD

NOMINATION COMMITTEE TERMS OF REFERENCE

**HONG LEONG ISLAMIC BANK BERHAD (“BANK” OR “HLISB”)
- NOMINATION COMMITTEE (“NC”)**

TERMS OF REFERENCE (“TOR”)

1. Composition

- 1.1 The NC shall have a minimum of three members (“the Members”) who shall be appointed by the Board of Directors (“Board”) out of their own number, provided that the majority comprise of independent Directors.
- 1.2 A Member who wishes to retire or resign from the NC should provide sufficient notice to the Company so that a replacement may be appointed. In the event that any Member ceases to be a Director of the Company, he shall automatically cease to be a Member of the NC.
- 1.3 In the event that the number of Members is reduced below three the Board shall appoint such new Members as may be required as soon as practicable provided that the composition of the NC shall meet the criteria set out in Clause 1.1 above.

2. Chairman

- 2.1 The Members shall elect out of their own number a Chairman from the NC who is an independent Director of the Company.
- 2.2 The Chairman of the NC shall preside as Chairman at every meeting save that if at any meeting, the Chairman is not present and there is a quorum, the Members present shall elect a Chairman who is an independent Director.

The Chairman of the Board must not chair any meeting of the NC.

3. Secretary(ies)

The Secretary(ies) of the Company or such other person as nominated by the Board will be the Secretary(ies) of the NC.

4. Responsibilities

The NC’s responsibilities are as follows:

- 4.1 Support the Board in carrying out its functions in the following matters concerning the Board, Shariah Committee (“SC”), senior management and company secretary(ies):
 - (a) appointments and removals;
 - (b) composition;

- (c) performance evaluation and development; and
 - (d) fit and proper assessments.
- 4.2 Recommend to the Board the minimum criteria and skill sets for appointments of the Board, Board committees, SC and for the position of Chief Executive Officer (“CEO”).
- 4.3 Review and recommend to the Board all Board, Board committees and SC appointments, re-appointments and removals including of the CEO.
- 4.4 Review annually the overall composition of the Board and SC in terms of the appropriate size and skills, the balance between executive directors, non-executive and independent directors, competence, knowledge and mix of skills and other core competencies required.
- 4.5 Assess annually the performance and effectiveness of the Board, Board Committees, each individual director and SC member and their contributions to the overall functions.
- 4.6 Oversee the appointment and management of succession planning and performance evaluation of key senior management officers and recommend their removal if they are found ineffective, errant and negligent in discharging their responsibilities.
- 4.7 Ensure that the Board receives an appropriate continuous training programme.

5. Meetings

5.1 Convening of Meetings

- a. The NC shall hold at least one meeting (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary(ies) to the NC.
- b. Upon the request of any Member, the Chairman shall convene a meeting of the NC to consider any matters which the Member believe should be brought to the attention of the NC.

5.2 Notice of Meetings

- a. The notice and agenda for each meeting shall be circulated to all Members specifying the date, time and venue of the meeting and setting out the matters to be discussed.
- b. The NC may invite such other persons as they deem necessary to the meetings.

5.3 **Recording of Proceedings**

- a. The Members shall cause minutes to be made of all proceedings and decisions taken at NC meetings, and of the attendances thereat.
- b. A copy of the minutes of each meeting shall be circulated to every member of the Board.
- c. The minutes are to be signed by the Chairman at the next succeeding meeting. Any minutes signed by the Chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein.
- d. The minutes of the NC shall be kept by the Secretary(ies) to the NC at the registered office of the Company and shall be opened to inspection of the Board at any time.

5.4 **Quorum**

At least half of the number of the NC Members shall form a quorum.

5.5 **Decisions**

- a. Any decision to be taken by the NC or questions arising at any meeting shall be determined by a majority of votes of the Members present and in the case of an equality of votes, the Chairman shall have a second or casting vote.
- b. A NC member, who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the NC meeting where the material transaction or material arrangement is being deliberated by the NC.

6. **Circular Resolutions**

- 6.1 A resolution in writing signed by a majority of Members shall be as valid and effectual as if it had been passed at a meeting of the NC duly convened and held. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more Members.
- 6.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile and other electronic means.

7. **Others**

The NC may regulate and amend the provisions relating to its own procedures in particular the calling of the meetings, notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

HONG LEONG ISLAMIC BANK BERHAD

REMUNERATION COMMITTEE TERMS OF REFERENCE

**HONG LEONG ISLAMIC BANK BERHAD
- REMUNERATION COMMITTEE (“RC”)**

TERMS OF REFERENCE (“TOR”)

1. Composition

- 1.1 The RC shall have a minimum of three members (“the Members”) who shall be appointed by the Board of Directors (“Board”) out of their own number, all of whom including the Chairman, shall be non-executive and shall comprise a majority of independent Directors.
- 1.2 A Member who wishes to retire or resign from the RC should provide sufficient notice to the Bank so that a replacement may be appointed. In the event that any Member ceases to be a Director of the Bank, he shall automatically cease to be a Member of the RC.
- 1.3 In the event that the number of Members is reduced below three, the Board shall appoint such new Members as may be required as soon as practicable provided that the composition of the RC shall meet the criteria set out in Clause 1.1 above.

2. Chairman

- 2.1 The Members shall elect out of their own number a Chairman from the RC who is an independent Director of the Bank.
- 2.2 The Chairman of the RC shall preside as Chairman at every meeting save that if at any meeting, the Chairman is not present and there is a quorum, the Members present shall elect a Chairman who is an independent Director.

The Chairman of the Board must not chair any Board Committee.

3. Secretary(ies)

- 3.1 The Secretary(ies) of the Bank or such other person as nominated by the Board will be the Secretary(ies) of the RC.

4. Responsibilities

The RC’s responsibilities are as follows:

- 4.1 Recommend to the Board the framework and policies governing the remuneration of the:
 - Directors;
 - Shariah Committee (“SC”)
 - Chief Executive Officer (“CEO”);
 - Senior management officers; and
 - Other material risk takers.

- 4.2 Review and recommend to the Board for approval the specific remuneration packages of executive directors and the CEO.
- 4.3 Review and recommend to the Board for approval the remuneration of senior management officers and other material risk takers.
- 4.4 Review and recommend to the Board for approval the remuneration of SC members.
- 4.5 Other remuneration matters as may be agreed by the Board.

5. Meetings

5.1 Convening of Meetings

- a. The RC shall hold at least one meeting (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary(ies) to the RC.
- b. Upon the request of any Member, the Chairman shall convene a meeting of the RC to consider any matters which the Member believe should be brought to the attention of the RC.

5.2 Notice of Meetings

- a. The notice and agenda for each meeting shall be circulated to all Members specifying the date, time and venue of the meeting and setting out the mailers to be discussed.
- b. The RC may invite such other persons as they deem necessary to the meetings.

5.3 Recording of Proceedings

- a. The Members shall cause minutes to be made of all proceedings and decisions taken at RC meetings and of the attendances thereat.
- b. A copy of the minutes of each meeting shall be circulated to every member of the Board.
- c. The minutes are to be signed by the Chairman at the next succeeding meeting. Any minutes signed by the Chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein.
- d. The minutes of the RC shall be kept by the Secretary(ies) to the RC at the registered office of the Bank and shall be opened to inspection of the Board at any time.

5.4 **Quorum**

At least half of the number of the RC Members shall form a quorum.

5.5 **Decisions**

- a. Any decision to be taken by the RC or questions arising at any meeting shall be determined by a majority of votes of the Members present and in the case of an equality of votes, the Chairman shall have a second or casting vote.
- b. A RC member, who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the RC meeting where the material transaction or material arrangement is being deliberated by the RC.

6. **Circular Resolutions**

- 6.1 A resolution in writing signed by a majority of Members shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more Members.
- 6.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile and other electronic means.

7. **Others**

- 7.1 The RC may regulate and amend the provisions relating to its own procedures in particular the calling of the meetings, notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

**HONG LEONG BANK BERHAD
&
HONG LEONG ISLAMIC BANK BERHAD**

**BOARD INFORMATION AND
TECHNOLOGY COMMITTEE
TERMS OF REFERENCE**

CONSTITUTION

The Board Information and Technology Committee (“BITC”) is established to jointly support the Boards of HLBB and HLISB (“the Bank”) in discharging the following responsibilities:

1. Oversee technology and cyber security related matters.
2. Ensure that risks assessments undertaken in relation to material technology applications are robust and comprehensive.
3. Ensure that management meets the expectations on technology and cyber security risk management as set out in BNM’s policy document on Risk Management in Technology.

COMPOSITION

The BITC shall:

- (a) have at least three directors;
- (b) be chaired by a non-executive director;
- (c) have membership representation from both HLBB and HLISB; and
- (d) comprise at least one member with the skills, knowledge and experience relevant to the responsibilities of this board committee.

SECRETARY

The Secretariat to the BITC is the Company Secretary(ies) of the Bank.

TERMS OF REFERENCE

1. To review management’s strategies relating to technology and cyber security and their alignment to the Group’s overall strategy, objectives and risk appetite.
2. To ensure that the Bank’s technology risk appetite is aligned to the Group’s overall risk appetite statement.
3. To review the adequacy of management’s information technology and cyber security strategic plans over a three year period and periodically review these plans at least once every year.
4. To oversee management’s implementation of sound and robust technology-related frameworks, encompassing technology risk management and cyber resilience.
5. To ensure that the Bank’s technology-related frameworks encompassing technology risk management and cyber resilience, remains relevant on an ongoing basis.
6. To review the Bank’s technology-related frameworks encompassing technology risk management and cyber resilience at least once every three years, for the Boards’ affirmation.

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7. To review management's reporting to the Boards on measures taken to:
 - (a) Identify and examine technology risk (including cyber risk) faced by the Bank;
 - (b) Ensure strategies are in place to safeguard the Bank against current and emerging technology and/or cyber risks;
 - (c) Assess effectiveness of controls put in place to manage these risks; and
 - (d) Conduct appropriate and timely closure of IT audit findings.
 8. To review and ensure that management provides sufficient detailed information on key technology risk and critical technology operations to facilitate strategic decision-making. This includes reporting enterprise key risk indicators on the IT and cyber health posture.
 9. To review and report to the Boards on emerging global technology trends and their potential application within the Bank, to either enhance the business operations, safeguard existing businesses or improve overall technology security.
 10. To review post implementation reports of key technology projects to ensure that results are aligned to the risk posture stipulated in the initial project request.
 11. To review and report to the Boards on the strategic benchmarking of technology performance against external peer groups from time to time.
 12. To review the effectiveness of disaster recovery plans and disaster recovery testing to ensure high system resilience of technology systems, datacentres etc.
 13. To review and ensure adequacy of cyber security investments and that its associated roadmap for implementation is acceptable.
 14. Other technology and cyber security related matters as may be agreed by the Board.

Group Governance

1. Noted that:
 - (a) The Bank, as a company with licensed subsidiary companies has overall responsibility for ensuring the establishment and operation of a clear governance structure within its subsidiaries ("Bank Group").
 - (b) The Board's responsibility is to promote the adoption of sound corporate governance principles throughout the Bank Group.
 - (c) The Bank's IT related functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation within the Bank Group.

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- (d) The respective subsidiaries' board and senior management must validate that the objectives, strategies, plans, governance framework and policies set at the Bank level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific issues are adequately addressed in the implementation of Bank Group policies.

AUTHORITY

BITC is authorized by the Board to review any technology related activities of the Group within its terms of reference. It is authorized to seek any technology related information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the BITC.

The BITC is authorized by the Board to obtain independent legal or other professional advice if it considers it necessary to perform the duties delegated by the Board to this committee.

MEETINGS

The BITC meets at least four (4) times a year and additional meetings may be called at any time as and when necessary.

The Group Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Audit, Chief Compliance Officer, Chief Information Security Officer, Head of Group Operations and Technology, Chief IT Officer, other senior management and external auditors may be invited to attend the BITC meetings, whenever required.

Issues raised, as well as discussions, deliberations, decisions and conclusions made at the BITC meetings are recorded in the minutes of the BITC meetings. A BITC member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the BITC meeting where the material transaction or material arrangement is being deliberated by the BITC.

Two (2) members of the BITC shall constitute a quorum.

After each BITC meeting, the BITC shall report and update the Board on significant technology related issues and concerns discussed during the BITC meetings and where appropriate, make the necessary recommendations to the Board for its deliberation and approval.

The minutes of each BITC meeting shall be tabled to the Board of Directors of HLBB and HLISB.

REVISION OF THE TERMS OF REFERENCE

Any revision or amendment to the Terms of Reference, as proposed by the BITC, shall be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.