HONG LEONG ISLAMIC BANK BERHAD

SHARIAH COMMITTEE CHARTER

With effect from January 2026

HONG LEONG ISLAMIC BANK BERHAD ("HLISB" or "the Bank")
- SHARIAH COMMITTEE CHARTER

The Shariah Committee Charter sets out the mandate, responsibilities and procedures of the Shariah Committee ("**SC**") 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.

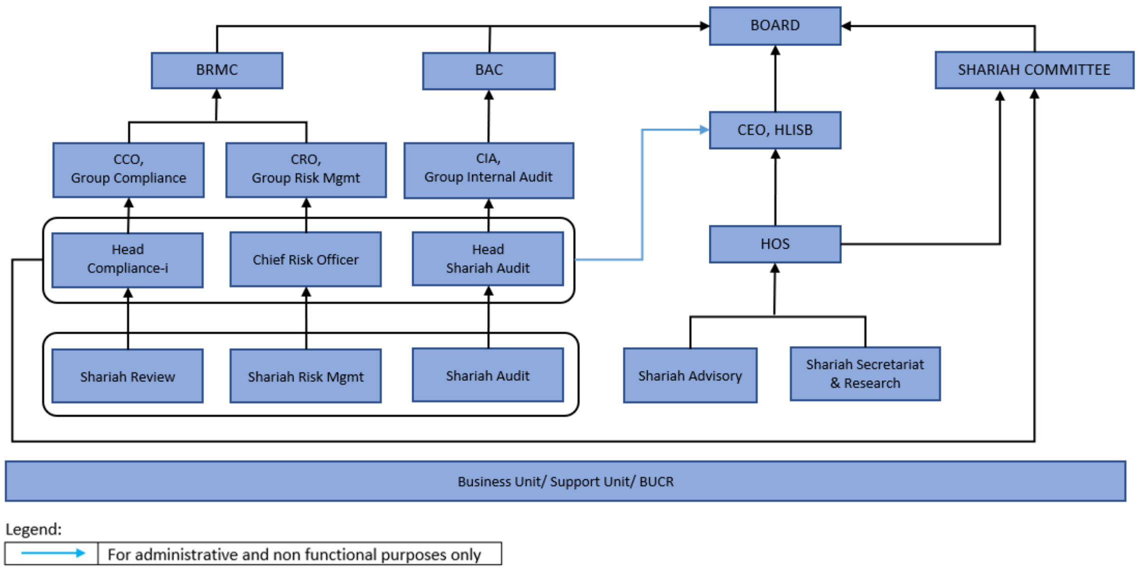
The Bank shall periodically review and update the SC Charter in tandem with any changes to regulatory requirements.

1. Introduction

1.1 The SC has the responsibility to provide objective and sound advice to the Bank to ensure that its objectives, business operations, affairs and activities are in compliance with Shariah.

1.2 The primary responsibility of the Chairman of the SC is to ensure the effective overall functioning of the SC.

2. Shariah Governance Structure



3. Secretary

The Secretariat to the SC is the Shariah Secretariat of the Bank's Shariah Department.

4. Composition

4.1 The number of SC members shall not be less than five (5), unless approval is obtained from the BNM to operate below the minimum requirements;

4.2 The Chairman of the SC must be a Shariah qualified person[1] and must lead the efforts to manage the SC's developmental plans;

4.3 The SC shall have a majority of Shariah qualified members at all times;

4.4 A SC member must not be an employee of the Bank during the tenure of his/her appointment or within the last two (2) years of his/her proposed appointment, nor shall they be a substantial shareholder, executive director or senior officer of the Bank or any of its affiliates;

"Affiliate" refers to any corporation that controls, is controlled by, or is under common control with, the Bank.

4.5 A SC member must not serve the Bank for more than nine (9) years, or any other terms subject to BNM's approval; and

4.6 In recognising the merits of diversity in adding value to collective skills, the SC composition is highly encouraged to comprise members with diverse backgrounds in terms of qualification, experience and knowledge, including experts from relevant fields such as law and finance to support the Shariah qualified members.

5. Terms of Reference ("TOR") of the Shariah Committee

The main responsibilities of the SC are:

5.1 To advise the Board of Directors ("**Board**") and provide input to the Bank on the application of any rulings of the BNM's Shariah Advisory Council ("**SAC**") or standards on Shariah matters in order for HLISB to comply with Shariah principles at all times;

5.2 To endorse Shariah policies and procedures prepared by HLISB and to ensure that the contents do not contain any elements which are not in line with Shariah;

5.3 To assess the work carried out by the Shariah Review, Shariah Risk Management and Shariah Audit in order to ensure compliance with Shariah requirements which forms part of their duties in providing their assessment on Shariah compliance and assurance in the annual report;

5.4 To advise related parties of HLISB on Shariah matters such as its legal counsel, auditor or any other parties as and when necessary;

5.5 To provide a decision or advice on matters which require a reference to be made to the BNM's SAC as guided by the BNM's manual reference (*Manual Rujukan Institusi Kewangan Islam kepada Majlis Penasihat Syariah*);

[1] Based on Paragraph 12.2 of the BNM Shariah Governance Policy Document (SGPD), a Shariah qualified person refers to an individual who fulfils the following criteria: (a) holds, at minimum, a bachelor's degree in Shariah, which includes study in Usul Fiqh (principles of Islamic jurisprudence) or Fiqh Muamalat (Islamic transaction/commercial law); (b) possesses solid knowledge in Shariah with reasonable Islamic finance knowledge and experience of the relevant industry; and (c) demonstrates strong proficiency and knowledge in written and verbal Arabic, with good command in the preferred language of the Bank, either Bahasa Malaysia or English language.

5.6 To provide written Shariah opinion in circumstances where HLISB make reference to the BNM's SAC or SAC of Securities Commission Malaysia for further deliberation, or where HLISB submits application to the BNM or Securities Commission Malaysia for approval of new product, sukuk, or Islamic capital market instruments;

5.7 To endorse and validate relevant documentations of HLISB products to ensure compliance with Shariah principles;

5.8 To provide guidance or advice on the operations, business, affairs and activities of the Bank including the distribution of Zakat and Purification Fund to ensure compliance with Shariah principles;

5.9 To deliberate and provide decision on Shariah non-compliance finding by any relevant functions;

5.10 To endorse a rectification measure to address Shariah non-compliance event; and

5.11 To update the Board immediately on Shariah issues or matters that may affect the safety and soundness of HLISB.

6. Responsibilities of the Chairman

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

6.1 To ensure appropriate procedures are in place to govern the SC's deliberations and proceedings;

6.2 To act as a direct liaison between the Board and SC to foster greater understanding between both organs;

6.3 To ensure Shariah decisions or advice are made on a sound and well-informed basis, including based on a robust decision-making methodology which ensures that all business, operations and risk implications are considered by the SC;

6.4 To encourage healthy discussion, participation and contribution, and ensure that dissenting views can be freely expressed and discussed;

6.5 To ensure sufficient records of the discussion leading to the formulation of the SC's decision or advice are maintained; and

6.6 To lead efforts to manage the SC's development plans.

7. Responsibilities of Individual SC Members

The responsibilities of individual SC members broadly include the following:

7.1 To provide objective views, assessment and suggestions by ensuring that his/her judgement in arriving at a Shariah decision or advice is not affected by his/her other professional commitments or external pressures;

7.2 To protect all information, discussions, deliberations and decisions that are not publicly known and must not disclose confidential data or use information gained through the SC for personal gain or the advantage of third parties;

7.3 To ensure consistency in providing his/her views and must not act in a manner that would undermine the rulings of BNM's SAC or any decisions of the SC that they represent;

7.4 To develop a reasonable understanding of the business and operations of the Bank and keep abreast with relevant market trends and regulatory developments; and

7.5 To immediately after the relevant facts have come to his/her knowledge, declare to the Board and SC the occurrence of any event that may materially compromise his/her fitness and propriety to act as a SC member of the Bank and thereby render his/her fit and proper declaration to the Bank no longer applicable.

8. Matters Reserved for Decision by the SC

8.1 The responsibilities and procedures of the SC are set out in the Terms of Reference (Item 4).

8.2 Matters reserved for the SC's decision and/or advice include but are not limited to the following:

a. new product proposals;

b. new product features or product variation;

c. documentations related to products;

d. marketing collaterals and advertisement materials;

e. product campaign;

f. matters which require a reference to be made to the BNM's SAC;

g. Shariah non-compliance finding by any relevant control functions;

h. business operations, affairs and activities of the Bank which may trigger a Shariah non-compliance event;

i. endorsement of Shariah related policies; manuals and standard operating procedures ("**SOP**");

j. distribution of Zakat and Purification Fund;

k. the SC Report for the Bank's Annual Report; and

l. any other matters deemed necessary by the SC.

9. Delegation of Approving Powers / Authorities ("DOA")

9.1 Pursuant to 7.2, the SC may delegate its authority on any of the matters, except item (a), (f), (g), (h), (j) and (k) to the Head of Shariah ("**HOS**") or

Shariah Department, as it deems fit.

9.2 The HOS or Shariah Department shall report, update and keep the SC informed on the significant issues, key deliberations, recommendations and decisions on delegated matters.

10. Proceeding of SC Members

10.1 The proceedings of SC members, where applicable, shall be governed by the provisions of the Constitution of the Bank and the relevant laws and regulations regulating the proceedings of SC members.

10.2 The SC shall meet at least once in every two (2) months in each financial year and additional meetings may be called at any time as and when necessary.

10.3 A SC member must attend at least 75% of the SC meetings held in each financial year and must not appoint another person to attend or participate in a SC meeting on his/her behalf.

10.4 Attendance at a SC 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.

10.5 A majority of Shariah qualified members shall form a quorum for each SC meeting.

10.6 A SC member who has, directly or indirectly, an interest in a matter brought before the SC must excuse himself/herself from the discussion and abstain from voting on the matter.

10.7 The SC must ensure that clear and accurate minutes of SC meetings are maintained to record the decisions of the SC, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any SC abstained from voting or excused himself from deliberating on a particular matter.

10.8 Questions or issues arising at any SC meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote except when only two (2) SC members are competent to vote on the question at issue in which event the Chairman of the SC meeting shall not have a second or casting vote and the question arising at the SC meeting shall be referred to the Board for approval.

11. Conflict of Interest

The Bank has established a Board Policy on SC's Conflict of Interest. The SC shall, immediately after the relevant facts have come to his/her knowledge, declare the nature and extent of his/her conflict of interest or potential conflict of interest, including interest in any competing business.

12. SC's External Commitments

12.1 A SC members shall devote sufficient time to carry out their duties and responsibilities. A SC member is expected to commit time as and when required to discharge his/her duties and responsibilities, besides attending meetings of the SC.

12.2 A SC member must not have competing time commitments that may impair his/her ability to discharge the duties effectively. In respect of multiple appointments, a SC member is required to manage his/her commitments effectively, observe professional objectivity and confidentiality in carrying out the duties.

12.3 A SC member of the Bank must not hold more than one (1) office in each of licensed Islamic bank, one (1) licensed takaful operator and one (1) prescribed institution.

13. SC's Access to Advice

The SC may seek advice from third party experts on any matter deliberated by the SC, where necessary, at the Bank's expense, in consultation with the Chairman of the SC or the CEO of the Bank.

14. Review of SC Charter

This SC Charter is subject to periodic review by the SC or at least once annually to ensure it remains consistent with the Board's objectives, Shariah regulatory requirements and the Bank's internal policies.

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

Terms of Reference Document Information

Terms of Reference Owner	Head of Shariah Secretariat & Research
Responsible Party(ies)	HLISB Shariah Committee and Shariah Department
Version No. and Date Approved	Version 1: First approved in 20 January 2020. Version 2: Amendments in 2024, approved on 23 December 2024.

Effective Date	January 2026
Next Review Date	January 2027
Relevant Legislation	(a) Central Bank of Malaysia Act 2009 (b) Islamic Financial Services Act 2013 (c) BNM Policy Document on Fit and Proper Criteria 2013 (d) BNM Policy Document on Corporate Governance 2016 (e) BNM Policy Document on Shariah Governance 2019 (f) BNM Policy Document on Hajah and Darurah 2024 (g) Securities Commission Malaysia's Guidelines on Islamic Capital Market Products and Services
Related Policies and Procedures	(a) Constitution of HLB (b) HLISB Board Charter (c) HLISB Board Policy on Shariah Governance (d) HLISB Board Policy on SC's Conflict of Interest (e) HLISB Board Policy on Zakat (f) HLISB Board Policy on Purification Fund (g) HLISB Board Policy on Hajah and Darurah (h) HLISB Management Policy on Shariah Secretariat (i) HLISB Management Policy on Shariah Compliance (j) Guidance Notes of Joint Board and Shariah Committee
Reviewed and Concurred By	CEO, HLISB
Endorsed By	HLISB Shariah Committee HLISB Board Risk Management Committee HLISB Board Audit Committee
Approved By	HLISB Board of Directors