



TERMS OF REFERENCE OF BOARD

1.0 Composition

- 1.1 The number of Directors of Bangkok Bank Berhad (“the Bank”) shall neither be less than five nor more than ten, and must have a majority of Independent Directors at all times.
- 1.2 The Chairman of the Board of Directors (“Board”) should be in a non-executive capacity.
- 1.3 The Board must develop and document the criteria and skill sets required of its members, both individually and collectively. The criteria and skill sets must reflect the fit and proper requirements and specific market or business knowledge required on the Board. It is important that the criteria and skill sets be reviewed regularly by the Board to ensure alignment with the strategic direction and emerging challenges faced by the Bank. This must also take into account supervisory concerns highlighted by Bank Negara Malaysia (“BNM”) that require specific expertise on the Board.
- 1.4 The Board and Board committees must be of a size that promotes effective deliberation, encourages the active participation of all Directors and allows the work of the various Board committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board committees.

2.0 Board Meetings

- 2.1 The Board of Directors shall meet at least once in every two months.
- 2.2 Board Meetings may be held via telephone or by other tele-communication device that permits all persons participating in the meeting to speak and hear each other for the entire duration of the meeting.
- 2.3 Individual Directors must attend at least 75% of the Board Meeting in each financial year.

3.0 Quorum

- 3.1 A simple majority of total number of Directors of the Bank.

4.0 Major Duties and Responsibilities of the Board

- 4.1 The duties and responsibilities of the Director/Board are laid down in the Bank’s Articles of Association, the Companies Act, 2016 (“Companies Act”), Financial Services Act, 2013 (“FSA”) and BNM Guidelines. The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board’s decisions on the Bank and its customers, officers and the general public.

Terms of Reference of Board

The major duties and responsibilities of the Board include but are not limited to the following:

- 4.1.1 approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank's risk profile;
- 4.1.2 oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads and other members of senior management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Bank;
- 4.1.3 oversee the implementation of the Bank's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations;
- 4.1.4 promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behavior;
- 4.1.5 promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies;
- 4.1.6 oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- 4.1.7 maintain oversight and exercise veto powers to reject credit applications or modify the terms of credit applications approved by the Bank's credit decision authority; and
- 4.1.8 promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank.
- 4.1.9 Review cases pertaining to staff misconduct and the appropriateness of punishment proposed by the Disciplinary Committee and / or Audit Committee.

5.0 Roles and Responsibilities of Director, Independent Directors, Chairman and CEO

5.1 Director

5.1.1 A director of an institution shall at all times:

- (a) act in good faith in the best interests of the Bank;
- (b) exercise reasonable care, skill and diligence with—
 - (i) the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
 - (ii) any additional knowledge, skill and experience which the director has;
- (c) only exercise powers conferred on him for the purposes for which such powers are conferred; and
- (d) exercise sound and independent judgment.

5.1.2 to be aware the Bank's operating environment and promote safety and soundness of the Bank;

5.1.3 to be diligent in undertaking his duties and avoid conflict of interest situation;

Terms of Reference of Board

- 5.1.4 to be able to exercise independent judgement in decision making and provide sound and objective advice;
- 5.1.5 to understand his oversight role and “duty of loyalty” to the Bank, its shareholders and other stakeholders;
- 5.1.6 to objectively question management;
- 5.1.7 to devote adequate time and attention to discharge his duties and responsibilities effectively; and
- 5.1.8 to contribute actively to the functions of the Board and be able to provide special expertise to the Board.
- 5.1.9 to promote robust and open deliberations by the Board on matters referred by the Board committees, the Chairman of the Board must not chair any of the Board committees.
- 5.1.10 with the exception of the Board Nomination committee, Board committees must not have any Executive Director in its membership.
- 5.1.11 the Board remains fully accountable for any authority delegated to the Board committees.

- 5.2 Independent Director
- 5.2.1 to provide and enhance the necessary independence and objectivity to the Board;
- 5.2.2 to ensure effective checks and balances on the Board;
- 5.2.3 to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Bank;
- 5.2.4 to constructively challenge and contribute to the development of business strategy and direction of the Bank; and
- 5.2.5 to ensure that adequate systems and controls to safeguard the interests of the Bank are in place.
- 5.2.6 must determine whether an individual to be appointed as an Independent Director is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his independent judgement. An individual must not be considered to be an Independent Director if he or any person linked to him-
 - (a) has been an executive in the last two years;
 - (b) is a substantial shareholder of the Bank or any of its affiliates; or
 - (c) has had a significant business or other contractual relationship with the Bank or any of its affiliates within the last two years.
- 5.2.7 must immediately disclose to the Board any change in his circumstances that may affect his status as an Independent Director. In such a case, the Board must review his designation as an Independent Director and notify BNM in writing of its decision to affirm or change his designation.

5.3 Chairman

The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman must–

- a) ensure that appropriate procedures are in place to govern the Board's operation;
- b) ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis;
- c) encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
- d) lead efforts to address the Board's developmental needs.

5.4 CEO

- 5.4.1 to ensure the day-to-day business affairs of the Bank are effectively managed;
- 5.4.2 to develop the strategies and business plan of the Bank and ensure they are effectively implemented after the Board's approval;
- 5.4.3 to provide direction to management in the implementation of short and long term business plans;
- 5.4.4 to provide strong leadership, i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- 5.4.5 to ensure the Board's decisions are implemented and Board's direction are responded to;
- 5.4.6 to keep the Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to Board members;
- 5.4.7 to develop and recommend to the Board the organisation structure and staffing and ensure all the employees are well versed with their functions and responsibilities;
- 5.4.8 to ensure appropriate internal controls are in place;
- 5.4.9 to manage the Bank's risk profile, in line with the extent and categories of risks identified as acceptable by the Board;
- 5.4.10 to facilitate interaction between the Board and other key members of management of the Bank as appropriate;
- 5.4.11 to ensure effective communication with shareholders;
- 5.4.12 to oversee the relationship between the Bank and the public; and
- 5.4.13 to act within all specific authorities delegated to him by the Board.

6.0 Tenure of Appointment for Director and CEO

6.1 The Board must establish a rigorous process for the appointment and removal of Directors. Such a process must involve the assessment of candidates against the minimum requirements set out in BNM Policy Document on CG's (paragraphs 10.2 to 10.5). Direct engagements between a candidate and the Board NC are an important way to ascertain the suitability of each candidate for the Board.

6.2 Each Director must be assessed against the minimum requirements set out in BNM Policy Document on CG's (paragraphs 10.2 to 10.5) at least annually, and as and when the Board becomes aware of information that may materially compromise the Director's fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities.

A Director must immediately disclose to the Board any circumstance that may affect his ability to meet the minimum requirements.

6.3 The Board must ensure that each Director acknowledges the terms of his appointment, which must include-

- a) the roles and responsibilities of the Director, including those arising from his membership in any Board committee;
- b) the tenure of the appointment; and
- c) provisions for the director's removal in the event that he no longer meets the minimum requirements set out in the BNM Policy Document on CG's (paragraphs 10.2 to 10.5), or has been assessed to be ineffective, errant or otherwise unsuited to carry out his responsibilities.

6.4 Unless the written approval of the Bank has been obtained-

- a) the Bank must not publicly announce the proposed appointment of a Director; and
- b) a Director whose tenure has expired and is being proposed for re-appointment must immediately cease to hold office and act in such capacity, including by participating in Board meetings or holding himself out as a Director.

6.5 The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

The NC shall start to source for suitably qualified candidate when the service tenure of an Independent Director of the Board reach 6 years to better facilitate succession planning.

7.0 Directorships for Director and CEO

7.1 Non-Executive Director

7.1.1 A Director should limit his directorship of companies to a number in which he can best devote his time and effectiveness, each Director is an own judge of his abilities and how best to manage his time effectively in the company in which he hold directorship.

7.2 CEO

7.2.1 Being the full-time staff of a Bank, the CEO has moral and professional obligations to devote his attention and commitment principally to the day-to-day operations of the Bank. In this regard, the CEO of the Bank must adhere to the following parameters with regard to holding of other directorships:

7.2.2 The CEO of the Bank is only allowed to hold directorships in the holding company, subsidiaries, sister companies and their subsidiaries subject to the following conditions:

- (i) sister companies and their subsidiaries are limited to financial institutions only, for example commercial banks, investment banks, insurance companies, and other companies that have synergies with the Bank;
- (ii) the number of directorships that can be held by a CEO either in the holding company, subsidiaries, sister companies and their subsidiaries should not be more than 5 posts at any one time;
- (iii) the CEO is not allowed to hold any executive position in another corporation. However, the CEO may be allowed to become Group CEO on a case-by-case basis, provided the responsibilities at the group level are confined to strategies and that the holding company's activity is insignificant;
- (iv) the CEO is allowed to hold directorships in institutions/organizations to represent the interest of financial industry, non-profit organizations and statutory bodies/government-owned companies as stated in the BNM/GP1 Guideline and such directorships should not more than 3 posts at any one time. The number of such directorships will not be taken into account in computing the maximum limit of 5; and
- (v) the CEO is not allowed to hold directorships in an associate company and family-owned company. However, exemption to hold one directorship in a family-owned company may be considered if there is a strong justification from the CEO for the appointment.

8.0 **Disqualification**

8.1 A Chairman, Director or CEO is disqualified from being re-appointed, re-elected or to continue his office as a Chairman, Director or CEO of the Bank as stipulated in Sections 59(1) and 60 of the FSA, BNM Guidelines or other written law which may be applicable to the Bank.

8.2 A Director of the Bank must not be an active politician.

9.0 **Fit and Proper Requirements**

9.1 The Directors of the Bank shall comply with the Fit and Proper requirement as stipulated in Section 60 of the FSA and the Bank's Policy and Procedures on Fit and Proper.

10.0 Cessation from Office

10.1 Where the Chairman, Director or CEO of the Bank:

- (a) becomes disqualified under Section 59(1) of the FSA; or
- (b) no longer complies with any of the fit and proper requirements as specified under Section 60 of the FSA;

such Chairman, Director or CEO shall immediately cease to hold office and act in such capacity.

10.2 The Bank shall immediately:-

- (a) in the case of paragraph 10.1(a), terminate the appointment of such chairman, director or CEO; or
- (b) in the case of paragraph 10.1(b), remove such chairman, director or CEO from such office.

10.3 Notwithstanding anything contained in any contract of service or any other agreement relating to his appointment, the chairman, director or CEO terminated under paragraph 10.2(a) shall not be entitled to claim any compensation for such termination.

10.4 Where the Board has assessed that the Company Secretary no longer demonstrate the qualities specified in Policy and procedures on fit and proper of the Bank, the Board must take immediate steps to reduce the risks associated with the person continuing to hold the position and remove the person from such position as soon as practicable. The Bank must inform BNM in writing of the removal of such person within seven (7) days.

11.0 Resignations and Removal of Independent Directors

11.1 All resignations and removal of Independent Directors from the Board can only take effect after the respective Board has cleared the resignation and removal of the Independent Directors with BNM.

12.0 Independent Professional Advice Procedure

12.1 The Directors of the Bank shall, both individually and collectively, have a right to seek independent professional advice in the furtherance of their duties as Directors of the Bank.

12.2 An estimate of fees in relation to the independent professional advice will need to be agreed at the commencement of the assignment with the Chairman or in the event of his absence, the CEO.

12.3 For the avoidance of doubt, the above restrictions shall not apply to the Executive Director acting in the furtherance of his executive responsibilities and within his delegated powers.

- 12.4 Independent professional advice shall include legal advice and the advice of accountants and other professional financial advisers on matters of law, accounting and other regulatory matters but shall exclude advice concerning the personal interests of the Director concerned (such as his service contract with the Bank or dispute with the Bank).

13.0 Conflict of Interest Policy and Procedures (“Policy”)

- 13.1.1 A Director has a duty to act in good faith in the best interests of the Bank in which he is a director at all times.
- 13.1.2 When conflict of interest arises or potentially arises, it must be addressed and managed effectively by the Board in accordance with this Policy.

13.2 Circumstances which constitutes or may give rise to Conflict of Interest

- 13.2.1 A conflict of interest occurs when a Director’s personal interest conflicts with his responsibility to act in the best interest of the Bank in which he is a Director;
- 13.2.2 The term conflict of interest refers to:-
- (a) actual and potential conflicts of interest; or
 - (b) an interest (including Indirect Interest) of a Director in a Transaction; or
 - (c) holding of any office or possession of any property by a Director where duties and interests in relation to such office or property may be created in conflict with his duties or interests as Director and includes an actual or potential conflict of interest.

Conflict situations present a risk that a Director may make a decision based on or influenced by these interests rather than in the best interest of the Bank in which he is a Director.

13.3 Disclosure of Interest in a Transaction, Property and Offices

- 13.3.1 An interested Director in a Transaction shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature and extent of his interest in the Transaction (“Disclosure”).
- 13.3.2 As set out in Section 221(2) of CA 2016, the requirements of clause 13.3.1 shall not apply in the case where the interest of the Director being a member or creditor of a corporation interested in a Transaction with the Bank may be regarded as not being a material interest.
- 13.3.3 Exception under Section 221(3) of CA 2016 - A Director of a company shall not be deemed to be interested or to have been at any time interested in any Transaction by reason only-
- (a) in a case where the Transaction relates to any loan to the company that the Director has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or
 - (b) in the case where the Transaction has been or will be made with or for the benefit of or on behalf of a Related Corporation in he is a Director.

- 13.3.4 An interested Director in a Transaction shall make the Disclosure by way of a written notice to the Board and the Secretary–
- (i) as soon as practicable after being aware of his interest in the Transaction; and
 - (ii) if the Transaction is being deliberated at a Board meeting, before the commencement of that deliberation.
- 13.3.5 For the purpose of clause 13.3.4 and pursuant to section 221(4) of CA 2016, a general notice given by a Director to the Board of Directors and the Secretary to the effect that the Director is an officer or member of a specified corporation or firm and is to be regarded as interested in any Transaction which may, after the date of the notice, be entered into with that corporation or firm shall be deemed to be a sufficient disclosure of interest in relation to any Transaction, if the interest is not different in nature and extent so specified in such notice at the time any Transaction is entered into. Such notice shall be given at the meeting of the Directors or brought up and read at the next meeting of the Directors after it is given.
- 13.3.6 Where there is any change in the nature and extent of the Interested Director's interest in the Transaction subsequent to the Disclosure, the Interested Director shall make a further disclosure of such changes in the same manner as set out in clause 13.3.4.
- 13.3.7 Every Director of the Bank who holds any office or possesses any property where duties or interests in relation to such office or property may be created in conflict with his duties or interests as Director shall declare the fact and the nature, character and extent of the conflict at a Board meeting.
- The declaration shall be made at the first meeting of the Directors held-
- a) after he becomes a Director;
 - b) if already a Director, after he commenced to hold the office or to possess the property.

13.4 Board proceedings

An Interested Director shall not be present at any Board Meeting where the Transaction is being deliberated by the Board.

In the event the approval of the Transaction is sought via a Circular Resolution, an Interested Director shall abstain from voting on the resolution.

14.0 Minutes

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

15.0 Board Evaluation and Development

- 15.1 The Board must carry out annual Board evaluations to objectively assess the performance and effectiveness of the Board, Board committees and individual Directors. This is important to enable the Board to identify areas for professional development and process improvements, having regard to the changing needs of the Bank.
- 15.2 The Board should periodically engage external consultants or experts to assist in and lend objectivity to the annual Board evaluations.
- 15.3 The Board must dedicate sufficient resources toward the on-going development of its Directors. This must include dedicating an adequate budget, having in place development plans for Directors and regularly updating such plans to ensure that each Director possesses the knowledge and skills necessary to fulfil his responsibilities.

Definitions:

Associate – means a person who falls under one of the following categories:

- (i) a Family Member of the Director;
- (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director or a family member of the Director is the sole beneficiary;
- (iii) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director;
- (iv) a person in accordance with whose directions, instructions or wishes the Director is accustomed or is under an obligation, whether formal or informal, to act;
- (iv) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director.
- (v) a body corporate or its directors whose directions, instructions or wishes of which, the Director is accustomed or under an obligation, whether formal or informal to act.
- (vi) a body corporate in which the Director or a family member of the Director is entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- (vii) a body corporate which is a related corporation.

Indirect Interest – means interest of a Director via his Associate.

Related Corporation – Pursuant to Section 7 Companies Act, 2016, a corporation deemed to be related to each other if-

- (a) it is a holding company of another corporation;
- (b) it is a subsidiary of another corporation; or
- (c) it is a subsidiary of the holding company of another corporation.

Transaction(s) – means any existing or proposed transaction or arrangement with the company in which a person is a Director, save and except the following:-

- (i) Exempted Credit Transactions (applicable to banks only);
- (ii) transactions which are not normally regarded as related party transactions as set out under Chapter 10 of the Main Market Listing Requirement of Bursa Malaysia; and
- (iii) any transaction which a Director or his Associate cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the Director in a position of conflict.