



## **Bank of America Malaysia Berhad (“BAMB” or the “Bank”)**

### **Terms of Reference for Board of Directors**

The Directors have legal responsibility for the management and oversight of the affairs of the Bank, including acting in the best interests of Bank of America Corporation (“BAC”) as its ultimate shareholder and discharging their duties with respect to all relevant laws and regulatory requirements. The Board recognizes that collectively it is responsible for managing effectively the succession of appointments to the Board to ensure that it has the right skills, experience and knowledge relevant to the business and strategy of the Bank.

These Terms of Reference were reviewed and approved by the Board on 28 October 2021.

#### **Role and Responsibilities of the Board**

The Board’s responsibilities include, but are not limited to:

- Discuss, evaluate and review strategies, business plans and policies and monitor management’s performance in implementing them;
- Communicate corporate values, clear lines of responsibilities and accountability that are communicated by BAC;
- Ensure an effective process is in place to select and appoint key senior management officers that are qualified, professional and competent to administer the affairs of the Bank;
- Ensure that the operations of the Bank are conducted prudently and within the framework of the relevant laws, regulations and policies;
- Establish procedures to avoid self-serving practices and conflicts of interest; and
- Ensure that the Bank has a beneficial influence on the economic well-being of the community and are in line with the economic objectives of the government.

The Board has reserved a number of matters for its exclusive competence (the “Reserved Matters”), including:

- Strategy and Management
- Structure and Capital
- Financial and Regulatory Reporting and Controls
- Internal Control and Risk Oversight
- Corporate Governance matters
- Outsourcing
- Board and Management Appointments and Remuneration
- Delegation of authority

Further details on these specific matters reserved for the Board’s attention can be found in Appendix II.

## **Board Committees**

The Board may delegate its authority to individuals, committees or forums for the management of various matters affecting the Bank, subject to those Reserved Matters. The Board may establish such committees, or eliminate any existing committees as it deems appropriate in accordance with the Bank's Memorandum and Articles of Association and applicable laws and regulations.

The Board has established and approved terms of reference for each of the following Committees:

- Nominating Committee
- Remuneration Committee
- Audit Committee
- Risk Management Committee

The Board is responsible for appointing members to the Board committees. Each committee of the Board shall have the authority and responsibilities set forth in its terms of reference.

Furthermore, the Board has delegated certain of its responsibilities to the Bank of America Malaysia Berhad Local Management Team ("LMT") as set forth in the LMT's terms of reference. The LMT is the management committee responsible for providing effective oversight over the operations of the Bank.

## **Membership**

The Board should have the appropriate balance of skills, experience, independence and knowledge of the Bank's operations to enable it to discharge its duties and responsibilities effectively. The Board has a rigorous process for the appointment and removal of Directors. The Board should be of a size that promotes effective deliberation, encourages active participation, and allows the work of the Board committees to be discharged without overburdening the Directors, so that the requirements of the business can be met and that any changes to the Board's composition can be managed without undue disruption.

The Board should be comprised of a majority of Independent Directors who have been determined by the Board to be independent. An Independent Director must immediately disclose to the Board any change in his/her circumstances that may affect his/her status as an Independent Director. In such a case, the Board must review the Director's designation as an Independent Director and notify Bank Negara Malaysia in writing of its decision to affirm or change the Director's designation.

The Board collectively should have adequate knowledge and expertise relevant to each of the material business activities that the Bank pursues (or intends to pursue) and the associated risks in order to ensure effective governance and oversight. The Board has intentionally declined to establish a limit on the number of external professional commitments that a Director may have. The Board expects the Directors to dedicate sufficient time and effort to discharge their responsibilities, and it will consider on a case-by-case basis whether a Director's external commitments impair his/her ability to serve as an effective member of the BAMM Board.

For the re-election of any eligible Directors at each Annual General Meeting, the Board shall follow the process set forth in the Articles of Association. In determining the re-election of Directors, the Board will review whether each Director remains qualified and satisfies the fit and proper requirements for his/her post. Each Director shall typically be appointed for a three-year term. A Director whose 3-year term of office has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, including by participating in board meetings or holding himself out as a Director. The tenure of an Independent Director shall not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the board subject to Board approval of the Director's re-designation as a Non-Independent Non-Executive Director and only if a majority of Independent Directors serving on the Board is maintained. All appointments to the Board shall only take effect subject to the prior written approval of BNM.

The Board shall ensure appropriate plans for orderly succession in respect of appointments to the Board and to senior management. On an annual basis, it reviews the criteria and skill set required of its members on an individual and collective level.

The roster of Board members is set forth at Appendix 1 and shall be updated by management as needed to reflect the current Board composition.

### **Chairman**

The Chairman of the Board should not have an executive position or responsibility at the Bank or a related institutions and must not have served as CEO of BAMC in the past five years. The Chairman assumes an important role in encouraging healthy debate on critical issues and usually brings a level of independence and professional skepticism to the Board.

### **Chief Executive Officer**

The Chief Executive Officer will be an Executive Director on the Board and is responsible for the day-to-day operations of BAMC.

In the absence of the Chief Executive Officer, BAMC is required to inform Bank Negara Malaysia of the person who will be directly responsible for the overall running of BAMC. This is necessary for Bank Negara Malaysia to consult him/her on matters of policy and day-to-day operations.

### **Decision Making**

Questions arising at any meeting of the Directors shall be determined by a majority of votes. No Chairman of any meeting shall have a second or casting vote.

BAC has established a risk governance framework which serves as the foundation for consistent and effective management of risks facing the Bank. The risk governance framework provides a blueprint for how the board of directors, through delegation of authority to committees and members of management, establish risk limits for the Bank's activities. With an effective risk governance framework, the boards and management team align to the Bank's business strategy; articulate and

monitor adherence to risk appetite and risk limits; and identify, measure, monitor and control risks inherent in business activities.

The escalation of issues by the Board is consistent with the risk framework established by the Bank's ultimate shareholder, BAC. The primary risk management committee of BAC is the Management Risk Committee ("MRC"), which is subject to BAC Board oversight and is responsible for management oversight of all key risks facing BAC, including subsidiary governance. The MRC has in turn delegated its regional responsibilities to the Bank of America, National Association Asia Pacific Regional Risk Committee ("BANA APAC RRC"), which is responsible for management oversight, as appropriate, of key risks of BANA subsidiaries within the Asia Pacific region. The Bank's Board would therefore formally escalate relevant matters to the BANA APAC RRC.

## **Board Assessment**

The Board carries out an annual evaluation process to objectively assess the performance and effectiveness of the Board, Board committees and individual directors.

## **Fit and Proper**

The Directors are assessed annually against the applicable fit and proper requirements of Bank Negara Malaysia.

## **Training**

The Board shall dedicate sufficient resources towards the ongoing development of its Directors. All of the directors are invited and encouraged to attend the directors' continuous development courses provided by the Financial Institutions Directors' Education Forum and the The Iclif Leadership and Governance Centre's Financial Institutions Directors' Education Programme in Malaysia. From time-to-time, BAMB arranges for members of management to address the directors on topics of interest and relevance.

## **Conflicts of Interest**

In line with applicable legislative provisions, the Code and the BAC Code of Conduct Policy, a Director is expected to disclose to the Board his or her interest in any contract, transaction or arrangement, whether direct or indirect, which may be under discussion by the Board from time to time. Any such disclosures shall be tracked by the Company Secretary. Where the Board perceives a potential conflict of interest to arise, the director concerned will not participate in the related discussions or decision making process. Directors also have a duty not to accept benefits from third parties in the context of exercising their Board responsibilities.

## **Confidentiality**

Directors are subject to all applicable BAC policies, including the Associate Investment Management Policy. Directors have a duty of confidentiality and must not disclose or act upon for their own personal benefit any confidential, private and potential price-sensitive information which they have received in their capacity as a Director.

## **Board Operations**

A meeting of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting.

### **a) Meeting Attendance**

Board members shall attend each Board meeting unless they are unable to do so due to circumstances beyond their control. A Board member 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 or her behalf. Members are expected to prepare for each meeting in advance, actively participate in the Board's decision making process and exercise appropriate oversight of the execution of agreed strategies, goals and objectives. The Board shall ensure that sufficient time is given at each meeting as is necessary to properly discharge their responsibilities to the Bank and its stakeholders. Informational materials useful in preparing for meetings will be distributed to the Board in advance of each meeting.

### **b) Frequency of Meetings**

The Board shall meet as often as is necessary to further the business of the Bank and to fulfil its responsibilities to the stakeholders. Notwithstanding this, the Board shall meet at least six times per calendar year.

### **c) Notice of Meeting**

Notice of a meeting of the Directors shall be given to all Directors, and may be given in any manner. Any Director may waive notice of any meeting and any such waiver may be retroactive.

### **d) Quorum**

The quorum necessary for the transaction of the business of the Directors shall be four Directors or 50% of the total Board membership, whichever is higher. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. Decisions of the Board shall be made by a simple majority of its voting members present at a duly convened meeting. In lieu of a meeting, the Board may also act by circular resolution.

### **e) Documentation**

The Company Secretary shall attend all meetings of the Board and shall keep proper records which shall be available to all members of the Board.

## **Amendments**

The Board shall review and reassess these Terms of Reference at least annually.

### **Inconsistency with Articles of Association**

To the extent that there is any inconsistency between these Terms of Reference and the Articles of Association, the Articles of Association will prevail.

## **Appendix I**

### **BOARD OF DIRECTORS Membership**

Mr. Kellee Kam Chee Khiong – Chairman and Independent Director

Mr. Raymond Yeoh Cheng Seong – Chief Executive Officer and Executive Director

Pn. Ayesha Natchiar Binti Dato Ally Maricar<sup>1</sup> – Independent Director

Dato' Mohammed Bin Haji Che Hussein – Independent Director

Ms. Sarena Cheah Yeah Tih – Independent Director

Mr. Anthony Lim Choon Eng – Independent Director

*Note<sup>1</sup>: Retired on 31 October 2021*

## **Appendix II**

### **Reserved Matters**

#### **1. Strategy and Management**

- Review of the Bank's long term objectives and commercial strategy, as set by senior/executive management of BAC. In particular, the Board shall give due consideration, and if thought fit, approval, to any material extension of the Bank's activities into new business or geographic areas, or any decisions to cease to operate all or any material part of the Bank's business.
- Oversight of the Bank's operations ensuring:
  - Competent and prudent management
  - Sound planning
  - An adequate system of internal control
  - Risk limits and risk management
  - Compliance with its statutory and regulatory obligations
  - Proposed projects or transactions not being in the ordinary course of the Bank's business which may potentially have a material impact on the Bank's financial condition

#### **2. Structure and Capital**

- Approval of capital actions and contributions of the Bank's capital where required by the Companies Act, 2016, the Articles of Association, or any applicable statutory/regulatory requirements.
- Approval of any material changes to the Bank's corporate structure (for example establishment of a branch or subsidiary).
- Approval of any material changes to the Bank's control structure.

#### **3. Financial and Regulatory Reporting and Controls**

- Approval of the annual Report and Financial Statements.
- Approval of any significant changes in accounting policies or practices.

#### **4. Internal Control and Risk Management**

- Ensuring maintenance of a sound system of internal control and risk management, including receiving reports on, and reviewing the effectiveness of, risk and control processes to support its strategy and objectives.

#### **5. Corporate Governance Matters**

- The Board will also review the Bank's overall corporate governance arrangements.

#### **6. Outsourcing**

- Approval of any outsourcing arrangements which have been escalated by the Outsourcing Subcommittee.

## **7. Board and Management Appointments and Remuneration**

- Approval of any changes to the structure, size and composition of the Board
- In accordance with the Articles, appointments to the Board or removal of Board members
- Appointment of the Chairman and Chief Executive Officer of the Bank
- Appointment of Members of any Board sub-committees subject to certain powers delegated to the Committee Chairman pursuant to the committee charters.
- Appointments to the positions of Chairman, Director, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Company Secretary and other members of senior management.
- Appointment, resignation or dismissal of the Head of Internal Audit.
- Approval of the remuneration policy of the Bank and the remuneration for each Director, member of senior management and other material risk takers.

## **8. Delegation of authority**

- Delegation of matters set forth in the charters of its sub-committees
- Delegated signing authority
- Receive and review reports from the LMT requiring the Board's attention

## **9. Other**

- Prosecution, defence or settlement of any material litigation brought against the Bank.
- This schedule of matters reserved for Board decisions.

<b>REVISION &amp; REVIEW HISTORY</b>			
	<b>Description</b>	<b>Date</b>	<b>Approvals</b>
1.	Terms of Reference adopted by the Board of Directors	22 June 2017	BAMB Board of Directors
2.	Terms of Reference reviewed by the Board of Directors – no substantive changes recommended	26 June 2018	BAMB Board of Directors
3.	Terms of Reference reviewed by the Board of Directors – immaterial changes recommended	25 June 2019	BAMB Board of Directors
4.	Terms of Reference reviewed by the Board of Directors – immaterial changes to “Structure and Capital” under Reserved Matters recommended	26 June 2020	BAMB Board of Directors
5.	Terms of Reference reviewed by the Board of Directors – changes to Membership recommended	28 October 2021	BAMB Board of Directors