



## **Mizuho Bank (Malaysia) Berhad**

Company Registration No. 201001039768  
(923693-H)

**TERMS OF REFERENCE  
BOARD OF DIRECTORS**

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## **TERMS OF REFERENCE OF THE BOARD OF DIRECTORS**

### **1. OBJECTIVE**

- 1.2 The objective of the Terms of Reference ("TOR") is to set out the principal roles and responsibilities of the Board, procedures for governing the meetings and decision making process of the Board in accordance with the principles of good governance set out in the policy documents and guidelines issued by Bank Negara Malaysia ("BNM") and other relevant regulatory authorities. This TOR shall be read together with the Board Charter.

### **2. PRINCIPAL ROLES AND RESPONSIBILITIES**

- 2.1 The Board, assisted by the Chief Executive Officer ("CEO") and Senior Management, is collectively responsible for providing proper stewardship and guidance in order for MBM to achieve its corporate objectives, promoting sustainable growth and financial soundness, inculcating sound corporate governance and 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 decision on the Bank and its customers, officers and the general public.
- 2.2 In fulfilling the role, the Board shall assume, among others, the following principal responsibilities:-
- (a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on MBM's risk profile (including initiatives which affect the financial soundness, reputation or key operational controls of MBM).
  - (b) 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 MBM.
  - (c) oversee the implementation of MBM'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 MBM's operations.
  - (d) promote, together with Senior Management, a sound corporate culture within MBM which reinforces ethical, prudent and professional behavior.
  - (e) promote sustainability through appropriate environmental, social and governance considerations in MBM's business strategies.
  - (f) oversee and approve the recovery and resolution as well as business continuity plans for MBM to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress.
  - (g) promote timely and effective communication between MBM and BNM on matters affecting or that may affect the safety and soundness of MBM.
  - (h) promote Shariah compliance in accordance with the BNM's guidelines on Shariah governance policies and ensure its integration with MBM's business and risk strategies.

### **3. RESERVED MATTERS – BOARD OF DIRECTORS**

- 3.1 The Board has adopted a formal schedule of matters reserved for the Board's deliberation and decision as required under BNM CG. The Reserved Matters that are subjected to the Board's deliberation and decision are as outlined under the **Appendix A** attached herewith.

### **4. COMPOSITION**

- 4.1 The Board is to ensure its composition strictly adhere to the requirements of the Bank's Constitution and other regulatory requirements. Among others, the Board shall (i) comprise not more than seven (7) members; (ii) have a majority of Independent Directors at all times; and not have more than one (1) Executive Director unless otherwise approved BNM.
- 4.2 The Directors shall have the skills, knowledge and experience relevant to the responsibilities of the Board. The Directors must maintain a sound understanding of the business of MBM and the Board as well as relevant market and regulatory developments.

### **5. CHAIRMAN**

- 5.1 The Board shall appoint the Chairman of MBM ("Chairman") among the Board Members. The person so appointed (i) must be an Independent Director; (ii) must not be an executive and must not have served as the CEO in the past five years; and (iii) must not be the Chairman of any of the BOCs.
- 5.2 In the absence of the Chairman, the remaining Board Members present may elect an Independent Director among themselves to chair the Board Meeting.

### **6. SECRETARY**

- 6.1 The Company Secretary of MBM or his/her nominee approved by the Board shall act as the Secretary of the Board meeting ("Secretary").

### **7. FREQUENCY OF MEETINGS**

- 7.1 The Board shall meet at least once in every quarter and additional meetings may be called at any time as and when necessary.

### **8. ATTENDANCE**

- 8.1 Every 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.
- 8.2 Directors may participate in a Board meeting by means of conference telephone or similar electronic tele-communicating equipment by means of which all persons participating in the Board meeting can hear each other and participate throughout the duration of the meeting. The participation in such meetings shall constitute attendance of the Directors at such meeting. However, attendance at Board meetings, by way other than physical presence, must remain the exception rather than the norm.
- 8.3 The Board may invite Members of Senior Management or any other person to attend the Board meetings as and when the Board may deem appropriate and necessary.

### **9. QUORUM**

- 9.1 The quorum for the Board meetings shall be a minimum of three (3) Directors or sixty percent

(60%) of the total number of the Directors, whichever is higher, of which at least one (1) of such Directors in attendance must be a non-Independent Director.

- 9.2 A Board meeting at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

## **10. NOTICE**

- 10.1 A reasonable prior written Notice of Meeting shall be given to each Director, preferably seven (7) working days before the date of the Board meeting. The time and place of the Board meeting will be determined from time to time by the Board Members.
- 10.2 The Notice of Meeting may be waived subject to the consent of ALL Directors.

## **11. AGENDA AND PAPERS**

- 11.1 The Secretary in consultation with the CEO and thereafter with the Chairman, shall draw up the Board meeting agenda. The agenda together with the associated material shall be circulated to each Director, preferably seven (7) working days before the date of the Board meeting.
- 11.2 The Board papers, proposal and reports shall clearly address the background, objective, key issues, rationale, impact and other relevant information to enable the Directors to make an informed and effective decision or recommendation to the shareholder.
- 11.3 The Directors of the Bank, shall both individually and collectively (save for instances where the Director has conflict of interest), have full and unrestricted access to all information and a right to seek independent professional advice as and when at the cost of the Bank in the furtherance of their duties as Director of the Bank.

## **12. DECISION**

- 12.1 Each Director shall be entitled to one (1) vote in deciding the matters deliberated in the Board meeting. The decision of the Board shall be determined by majority votes.
- 12.2 In the event of an equality of votes, the Chairman shall be entitled to a second or casting vote.

## **13. MINUTES**

- 13.1 All resolutions passed by the Board including the minutes of all proceedings shall be recorded and the records shall be kept for at least seven years from the date of the resolution, meeting or decision, as the case may be.
- 13.2 The discussions and conclusions of the Board meetings shall be recorded in a clear, accurate, consistent, complete and timely manner. The minutes shall record the decisions of the Board, including 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.
- 13.3 The Board meeting minutes shall be signed by the Chairman of the Board meeting at which the proceedings were held or by the Chairman of the next Board meeting.
- 13.4 A resolution in writing signed by a majority of the Directors shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several

documents in the like form, each signed by one or more of the Directors.

*For avoidance of doubt, the expressions "documents in the like form" include approval given by Director through a legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.*

**14. REPORT BY BOARD OVERSIGHT COMMITTEES**

- 14.1 The Board Oversight Committees (BOCs) shall report to the Board on material matters arising at the BOCs meetings, on all matters within the BOCs' purviews and, where applicable, shall present the BOCs' recommendations to the Board for Board's decision / approval.
- 14.2 Other matters assessed, reviewed or decided by the BOCs may be reported to the Board via minutes of BOCs meetings tabled to the Board from time to time. The Chairman of the BOCs may update the matters separately as and when required.

**15. OTHER PROVISIONS**

- 15.1 This TOR will be reviewed and updated as and when deemed appropriate so as to ensure its relevancy in line with the development of the Bank's business operation and regulatory requirements.
- 15.2 Unless otherwise stated under the law, nothing herein contained shall restrict the power of the Board under Article 96 of the Constitution to despatch of business, adjourn and otherwise regulate the Board meetings as the Board thinks fit.

## **APPENDIX A**

NO	BOARD RESERVED MATTERS
1.	Matters concerning the Board and Board Oversight Committees i.e structure, membership requirement, composition, Board Charter, Terms of Reference, performance assessment, succession plan and others.
2.	The appointment/reappointment, cessation, terms and conditions / contract of service, assessment on the qualification, fit and proper criteria and independent status, succession plan and annual performance evaluation of Directors.
3.	Matters concerning the Shariah Committee of MBM i.e reporting structure, membership requirement, composition, Terms of Reference, performance assessment, succession plan and others.
4.	The appointment/reappointment, cessation, terms and conditions / contract of service, assessment on the qualification, fit and proper criteria, succession plan and annual performance evaluation of the Shariah Committee Members.
5.	The appointment/ reappointment, confirmation or promotion (if any), cessation, assessment on qualification and fit and proper criteria evaluation, succession plan, annual key performance indicators and annual performance assessment of Chief Executive Officer (CEO).
6.	The appointment, removal cessation, assessment of qualification and fit and proper criteria evaluation, succession plan, annual key performance indicators and annual performance assessment of Chief Internal Audit, Chief Risk Officer, Chief Compliance Officer and Company Secretary
7.	The internal policies of MBM including any policy for the management and operation of the business of MBM and the corporate governance disclosures. e.g Treasury Policy, Fit and Proper Policy and others
8.	The Remuneration Policy of MBM, the periodic review and material changes made to the Policy and MBM's bonus, incentive and increment pool
9.	The annual remuneration of Directors, Shariah Committee Members, Head of Control Functions, Senior Officer, material Risk Taker and Company Secretary including the maintenance and regularly review of MBM's list of officers who fall within the definition of "Other Material Risk Takers".
10.	The Business Plan and other initiatives which would, singularly or cumulatively, have a material impact on MBM's risk profile including any initiatives which affect the financial soundness, reputation or key operational controls of MBM
11.	The recovery and resolution as well as business continuity plans for MBM to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress
12.	Approval of investment, divestment of a capital project or major changes in the activities of MBM which represents a significant diversification from MBM's existing business activities.
13.	Establishment of subsidiary companies, branch banks, local boards and agencies
14.	Annual budget of MBM, capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. where the amount involved exceeds a pre-determined threshold given to Management.
15.	Approval of the financial statements of MBM and its releases, changes in the financial year end, dividend policy and payment, adoption of accounting policies, capitalisation of the profits and reserve of MBM, capital adequacy and effectiveness of MBM's system or risk management and internal controls and MBM's write-offs policy
16.	The overall risk strategy of MBM, risk appetite (including operational risk appetite) and its implementation, stress testing programme, business plans and other initiatives which would, singularly or cumulatively, have a material impact on MBM's risk profile including any initiatives which affect the financial soundness, reputation or key operational controls of MBM
17.	The annual MBM's credit risk strategy including MBM's overall direction for its credit activities, its periodic review and update

NO	BOARD RESERVED MATTERS
18.	MBM's internal policies governing risk concentrations, its annual review, material change and the regular independent review
19.	MBM's internal policies governing risk concentrations and policy on the circumstances and conditions where a loan/financing facility may be rescheduled or restructured by MBM
20.	The policies and procedures governing the stress testing programme, the effective implementation of the programme and management actions proposed by Senior Management to mitigate potential vulnerabilities including its respective periodic review.
21.	MBM's written policy on credit transactions, management of credit exposures with connected parties, periodically review / any changes to the said policy, approval of transactions with connected parties and the write-off of connected party, restructure/reschedule loan/financing facility
22.	MBM's internal audit charter and its periodic review and audit plan including any deferment, if any.
23.	MBM's compliance policy, the structure, reporting and resources of the compliance function
24.	MBM's AML/CFT policies, the establishment of appropriate mechanisms and procedures to effectively implement AML/CFT and internal controls including the mechanism and procedures to monitor and detect complex and unusual transactions, AML/CFT framework and AML/CFT reporting
25.	MBM's policies, procedures and controls over the confidentiality and security of customer information.
26.	Significant policies on securitisation activities to be undertaken by MBM, pricing policy for retail lending activities and the annual attestation to BNM on introduction of new products
27.	MBM's outsourcing risk management framework, outsourcing plan and its submission to BNM
28.	Authorise the usage of MBM Seal.
29.	Appointment of Corporate Representative of MBM and granting of Power of Attorney by MBM.
30.	Recommendation for the changes in MBM's Constitution.
31.	Utilization of MBM's fund or its subsidiary's fund to purchase of its own shares by MBM.
32.	Calls upon the members in respect of any money unpaid on their shares and forfeiture or lien of shares
33.	Calling of the Annual General Meeting (and any Extraordinary General Meeting) at such time and place in accordance with the Constitution of MBM.
34.	Recommendation on any matters to be tabled to the Shareholder under the Shareholder's Reserved Matters.