

ALLIANCE BANK MALAYSIA BERHAD GROUP

Terms of Reference Group Nomination and Remuneration Committee

- Objectives :**
- a. To support the Boards in carrying out their functions in the following matters concerning the Boards, Shariah Committee, Senior Management and company secretary :
 - i. Appointment and removals;
 - ii. Composition of the Boards;
 - iii. Performance evaluation and development; and
 - iv. Fit and proper assessments
 - b. To support the Boards in actively overseeing the design and operation of the Banks' remuneration system.
 - c. Periodically review the remuneration of Directors on the Boards, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

Responsibilities :

1. To ensure each Director/Shariah Committee member fulfils the following minimum requirements at the time of his appointment and on a continuing basis :
 - (i) not be disqualified under section 59(1) of the Financial Services Act, 2013 ("FSA") or section 68(1) of the Islamic Financial Services Act, 2013 ("IFSA") or the Bank Negara Malaysia Guidelines on Governance of Shariah Committee for Islamic Financial Institutions ;
 - (ii) complies with the fit and proper requirements;
 - (iii) does not have any competing time commitments that impair his ability to discharge his duties effectively;
 - (iv) is not an active politician;
 - (v) is not a partner of a firm which has been appointed as the external auditors of the Banks or any of the firm's officers directly involved in the engagement until at least two years after – (a) he ceases to be an officer or partner of that firm; or (b) the firm last served as an auditor of the Bank.
 - (vi) is preferably at a minimum holds a degree qualification and/or other equivalent qualification(s) and at least 5 years senior managerial position.

2. To assess each Director/Shariah Committee member against the above minimum requirements at least annually, and as and when the Boards become aware of information that may materially compromise the Director/Shariah Committee member's fitness and propriety, or any circumstance that suggests that the Director/Shariah Committee member is ineffective, errant or otherwise unsuited to carry out his responsibilities.
3. To establish succession plans for the Boards and to regularly review the succession plans to promote board renewal and address any vacancies. In assessing candidates to fill a Board vacancy, the Committee shall take into account the strategic directions of the Group.
4. To establish a rigorous process for the appointment and removal of Directors, and to have direct engagements with candidates to ascertain the suitability of each candidate for the Boards.
5. To ensure that the Boards and Board committees to 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.
6. To develop and document the criteria and skill sets required of Board members, both individually and collectively and to review the criteria and skill sets regularly to ensure alignment with the strategic direction and emerging challenges faced by the Banks.
7. To determine and recommend to the Boards 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.
8. To carry out annual Board evaluations to objectively assess the performance and effectiveness of the Board, Board committees and individual Directors.
9. To ensure sufficient resources are dedicated toward the on-going development of its Directors, including 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.

10. To ensure each member of the Senior Management fulfils the following minimum requirements at the time of his appointment and on a continuing basis :
 - (i) not be disqualified under section 59(1) of the FSA or section 68(1) of the IFSA;
 - (ii) complies with the fit and proper requirements;
 - (iii) is not a substantial shareholder;
 - (iv) the CEO to devote the whole of his professional time to the service of the financial institution unless Bank Negara Malaysia approves otherwise in writing.
11. To assess each member of the Senior Management against the above minimum requirements at least annually, and as and when the Boards become aware of information that may materially compromise the Senior Management member's fitness and propriety, or any circumstance that suggests that a member of the Senior Management is ineffective, errant or otherwise unsuited to carry out his responsibilities.
12. To establish a robust succession plan for the Senior Management with clearly defined processes for the appointment and removal of the CEO and members of the Senior Management and assessment of the candidates against the minimum requirements set out in paragraph 10 above.
13. To conduct exit interview on resignations, retirements or end of service contract on mutual agreement of the members of Senior Management.
14. Support the Boards in actively overseeing the design and operation of the Banks' remuneration system as set out in Paragraph 19 of BNM's Policy Document on Corporate Governance.
15. Periodically review the remuneration of Directors on the Boards, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken, and the remuneration of the Shariah Committee for recommendation to the AIS Board for approval.
16. To provide oversight on the implementation of the Whistle Blower Policy of the Bank.
17. To regularly review the succession plans of the Shariah Committee and to carry out annual assessment of the contribution and overall effectiveness of the Shariah Committee and individual Shariah Committee members.

- Accountability :** Directly accountable to the Boards of the respective licensed entities.
- Members :** To comprise at least three (3) Directors who have the skills, knowledge and experience relevant to the responsibilities of the Committee with a majority of Independent Directors.
- Chairman :** The Chairman shall be an Independent Director.
- Quorum :** Three (3) members shall constitute a quorum at meeting and majority of members present must be Independent Directors.
- Decision :** Questions arising at any meeting shall be decided by a majority of votes. In case of equality of votes, the Chairman shall have a second or casting vote.
- Frequency of Meeting :** At least four (4) times a year.
- Secretary :** The Company Secretary.
- Frequency & Reporting Process :** A copy of the confirmed minutes shall be circulated by email to the Boards (where relevant) or tabled at the next Board meeting for notation.
- Update & Review :** The Committee shall review and assess the adequacy of the Terms of Reference at two (2) years interval or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.

Note :

“Group” shall mean Alliance Bank Malaysia Berhad (ABMB) and its subsidiaries, including Alliance Islamic Bank Berhad (AIS) and Alliance Investment Bank Berhad (AIBB).

“The Banks” shall mean the licensed entities within the Group, i.e. ABMB, AIS and AIBB.

“Senior Management” shall mean Group Chief Executive Officer and persons who report directly/indirectly to the Group Chief Executive Officer.