



Private & Confidential

**AFFIN BANK BERHAD
[197501003274 (25046-T)]**

TERMS OF REFERENCE

**GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE
(GBNRC)**

A. COMPOSITION

Chairman

1. YBhg Dato' Abdul Aziz bin Abu Bakar (Chairman)

Members

2. YBhg. Dato' Abdul Wahab bin Abu Bakar (*Representative from AHIB*)
3. Ms Chan Wai Yu (*Representative from ABB*)
4. Encik Suffian bin Baharuddin (*Representative from AiBB*)

The Committee shall consist of a minimum of three members, of whom all must be Independent Non-Executive Directors. The Committee should be chaired by an Independent Director. In order to avoid conflict of interest, a member of the Committee shall abstain from participating in discussions and decisions on matters involving himself.

The Chairman of the Committee shall be the Chairman of the meeting. In the absence of the Chairman of the Committee, the Committee shall appoint any one member among the Independent Directors to be the Chairman of the meeting.

In Attendance

1. President & Group Chief Executive Officer, Affin Bank Berhad
2. Chief Executive Officer, Affin Islamic Bank Berhad
3. Group Managing Director / Chief Executive Officer, Affin Hwang Investment Bank Berhad
4. Group Chief People Officer (in respect of relevant papers)

Secretary

The Company Secretary of Affin Bank Berhad (ABB)

B. QUORUM

3 Members (Majority)

C. FREQUENCY OF MEETING

Bi-monthly or as and when required to attend to urgent matters.

D. ROLE OF THE GROUP BOARD NOMINATION AND REMUNERATION COMMITTEE OF AFFIN BANK BERHAD (GBNRC)

The establishment of GBNRC of Affin Bank Berhad is for the following objectives/purposes:-

- (i) To provide a formal transparent procedure for the appointment of Directors, Chief Executive Officers/Managing Directors, Shariah Committee members, Key Senior Management Officers and Company Secretaries within the Group's banking entities namely Affin Bank Berhad, Affin Islamic Bank Berhad and Affin Hwang Investment Bank Berhad (banking entities) as well as assessment of effectiveness of individual Directors, Board as a whole, Shariah Committee members, performance of Chief Executive Officers/Managing Directors, Key Senior Management Officers and Company Secretaries within the Group's banking entities.
Affin Bank Berhad
- (ii) To provide a formal and transparent procedure for developing remuneration policy for Directors, Chief Executive Officers/ Managing Directors, Shariah Committee members, Key Senior Management Officers and Company Secretaries within the Group's banking entities and ensuring that compensation is competitive and consistent with the licensed institution's culture, objective and strategy.

E. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include the following:

Appointment/Re-appointment of Directors, Shariah Committee Members, Key Senior Management Officers and Company Secretary

1. Establishing minimum requirements for Directors, Shariah Committee members, Chief Executive Officers/Managing Directors, Key Senior Management Officers and Company Secretary. The requirements and criteria should be approved by the respective Board of the Group's banking entities;
2. Recommending and assessing the nominees for Group directorship, Board committee members, Shariah Committee members, Chief Executive Officers/Managing Directors, Key Senior Management Officers and Company Secretary. This includes assessing Directors/Shariah Committee members/ Chief Executive Officers/Managing Directors for reappointment, before an application is submitted to Bank Negara Malaysia for approval. The final decision as to who shall be nominated should be the responsibility of the full Board of the respective entities;
3. Overseeing the overall composition of the Board of the Group, in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Directors through review;
4. Recommending to the Board the removal of a Director/Chief Executive Officer/Managing Director/Shariah Committee member if the Director/Chief Executive Officer/Managing Director/Shariah Committee member is ineffective, errant and negligent in discharging his responsibilities;
5. Establishing a mechanism for the formal assessment on the effectiveness of the Board, the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees, Shariah Committee members and the performance of the Chief Executive Officers/Managing Directors, Key Senior Management Officers and Company Secretary. Annual assessment should be conducted based on an objective performance criteria. Such performance criteria should be approved by the full Board of the respective entities;

6. Overseeing the appointment, management succession planning and performance evaluation of Key Senior Management Officers and Company Secretary;
7. Recommending to the Board the removal of Key Senior Management officers and Company Secretary if they are ineffective, errant and negligent in discharging their responsibilities;
8. Assessing, on an annual basis, that the Directors, Shariah Committee members, Key Senior Management officers and Company Secretary are not disqualified under Section 59 of the Financial Services Act 2013 (FSA) /Section 68 of Islamic Financial Act 2013 (IFSA).

Performance/Fit and Proper Assessment of Directors, Shariah Committee Members, Chief Executive Officers/Managing Directors, Key Senior Management Officers and Company Secretary

9. Assess the performance and effectiveness of individuals and collective members of the Board, Board Committees, Shariah Committee members, Key Senior Management Officers and Company Secretary.
10. Assess the fitness and propriety of Directors, Shariah Committee Members, Chief Executive Officers/Managing Directors, Key Senior Management officers and Company Secretary in accordance with BNM Policy on Fit and Proper and the Bank's Fit and Proper Policy to ensure that they are not disqualified and comply with the fit and proper requirements as may be specified under the FSA, IFSA or the Shariah Governance Framework for Shariah Committee members (SGF).
11. Recommend the termination or removal of Director, Shariah Committee members, Chief Executive Officers/Managing Directors, Key Senior Management Officers or Company Secretary if the person(s) concerned is/are ineffective, errant and negligent in discharging his/her duties and if he/she becomes disqualified and no longer complies with any of the fit and proper requirements as may be specified by BNM under the FSA, IFSA or SGF.
12. Consider and recommend to the Board on any other measures to enhance the effectiveness of the Board and Management.

13. Ensure that all Directors within the Group and Shariah Committee members receive appropriate and continuous training to keep abreast with the latest development in the industry.

Performance Indicators/Targets

14. To recommend to the Board, a Performance Management Framework/Model/Key Performance Indicators including the setting of the appropriate performance target parameters and benchmark for the Chief Executive Officers/Managing Directors, Key Senior Management Officers and Company Secretary.

Remuneration of Directors, Shariah Committee members, CEOs/ Managing Directors, Key Senior Management Officers, Company Secretary and Other Material Risk Takers*

15. Review and recommend remuneration, compensation and benefits framework, policies/plans and procedures for Directors, Shariah Committee members, Chief Executive Officers/Managing Directors, Key Senior Management Officers, Company Secretary within the Group for the Board's approval;
16. Ensure the remuneration, compensation and benefits framework, policies/plans and procedures support the Group's culture, objectives and strategy and at the same time reflect the responsibility and commitment. The Group Remuneration Framework must comply with the requirements stipulated in the BNM Policy Document on Corporate Governance;
17. Ensure balance in the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive, to the extent the licensed institution's funds are used to subsidise the excessive remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
18. For remuneration packages for Executive Directors and the Chief Executive Officers/Managing Directors, the remuneration package should be structured such that it is competitive and consistent with the Bank's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking;

19. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the respective Boards;

* The list of Other Material Risk Takers is to be maintained and reviewed by Group People Office.

Succession Planning and Talent Management

20. To oversee the succession planning and talent management of Key Senior Management Officers and Company Secretary.

Others

21. To recommend to the Board the appointment of external consultants/ advisors related to the GBNRC's areas of responsibilities.

F. REVIEW OF THE TERMS OF REFERENCE

The terms of reference of the GBNRC of Affin Bank Berhad shall be reviewed as and when required and shall be subject to the approval of the Board.

APPENDIX 1

For the purpose of this Terms of Reference, Chief Executive Officers/ Managing Directors, Key Senior Management Officers and Company Secretary refers to the following positions in the respective banking entities:-

Affin Bank Berhad (ABB)

- 1) President & Group Chief Executive Officer
- 2) Direct reports to the President & Group Chief Executive Officer or any other persons to be determined by ABB
- 3) Company Secretary

Affin Islamic Bank Berhad (AiBB)

- 1) Chief Executive Officer
- 2) Direct reports to the Chief Executive Officer or any other persons to be determined by AiBB
- 3) Company Secretary
- 4) Head, Shariah Supervisory

Affin Hwang Investment Bank Berhad (AHIB)

- 1) Group Managing Director / Chief Executive Officer
- 2) Direct reports to the Group Managing Director / Chief Executive Officer or any other persons to be determined by AHIB namely the following:-
 - Deputy Group Managing Director
 - Group Chief Operating Officer
 - Managing Director, Client Coverage & Corporate Development
 - Managing Director, Securities
 - Chief People Officer
- 3) Company Secretary