BANK OF CHINA (MALAYSIA) BERHAD

BOARD OF DIRECTORS CHARTER

Document Change History

Version	Conducted By	Approved By	Date	Description of Changes
1	Board of Directors	Board	9 Dec 2016	Adopted by the Board
2	Board of Directors	Board	24 Feb 2017	• Change of the name of Board Audit Committee • Combination of Board Remuneration and Nomination Committee
3	Board of Directors	Board	23 Oct 2017	• Change of composition of Board Risk Management Committee • Addition on the objective of Board Remuneration and Nomination Committee • Change of the number of Independent Director requirement in Board • Change of tenure of directors
4	Board of Directors	Board	25 Apr 2018	• Revise the Board Size in accordance with the Constitution.
5	Board of Directors	Board	25 Oct 2018	• Review and refinement to the Terms of Reference in accordance with the BNM Policy Document on Corporate Governance and Constitution of the Bank.
6	Board of Directors	Board	30 Oct 2019	• Annual Review of the Terms of Reference.
7	Board of Directors	Board	24 Jul 2020	• Review and revised mainly to incorporate requirements of the BNM's policy document on Risk Management in Technology.

Version	Conducted By	Approved By	Date	Description of Changes
8	Board of Directors	Board	26 Oct 2021	• Revised in accordance with annual review.
9	Board of Directors	Board	27 Oct 2022	• Revised in accordance with annual review.
10	Board of Directors	Board	24 Jul 2023	• Reviewed
11	Board of Directors	Board	16 Dec 2024	• Reviewed and revised in accordance with legal and regulatory requirements as well as to streamline and ensure consistency throughout the Bank's policies.
12	Board of Directors	Board	24 Oct 2025	• Revised in accordance with annual review.

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CHARTER OF THE BOARD OF DIRECTORS

1.0 Objective

The purpose of this Board of Directors Charter (“Board Charter”) is to promote the highest standards of Corporate Governance within Bank of China (Malaysia) Berhad (“the Bank”) and to outlines among others, the roles, responsibilities and authorities of the Board of Directors (“the Board”) in setting the direction, management and control of the Bank.

The Board Charter is subject to review by the Board from time to time, to ensure its relevance and effectiveness.

2.0 Board Terms of Reference

The Board has in place a Terms of Reference, which acts as guidance to the Board in discharging their duties effectively. The Terms of Reference highlights the guiding principles and matters relating to Board organisation, duties and responsibilities and relevant internal policies and procedures, including those mentioned in this Board Charter.

3.0 Board Committees

The Board may establish board committees/sub-committee as required by laws and regulations or if deemed necessary, in assisting the Board in discharging their duties and responsibilities. The Board has established the following Board Committees:-

1. Board Audit Committee
2. Board Risk Management Committee
3. Board Remuneration and Nomination Committee
4. Board Information Technology Sub-Committee

The Board delegated certain functions of the Board to the respective Board Committees, each of which comprises members of the Board and operates within clearly defined responsibilities as defined in the terms of reference of each Board Committee primarily to assist the Board in the execution of its duties and responsibilities. While these Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees will be brought to the attention of the Board.

3.1 **Board Audit Committee**

The primary responsibilities of Board Audit Committee are to assist the Board with the oversight of: the integrity of the Bank's financial statements; the financial reporting process; the systems of internal control; the performance of the Bank's internal audit function and internal auditors; the appointment of external auditors and the evaluation of the external auditors' qualifications, independence and performance; the periodic review, where appropriate, and annual audit of the Bank and its subsidiaries' ("the Group") financial statements; compliance with applicable accounting standards and legal and regulatory requirements on financial disclosures; and enhancing the corporate governance framework of the Group.

The Board Audit Committee shall comprise at least three (3) members and all of whom are Non-Executive Directors. The majority of the members shall be independent, including the Chairman of the Board Audit Committee.

3.2 Board Risk Management Committee

The key responsibility of the Board Risk Management Committee is to support the Board in meeting the expectations on risk management as set out in Bank Negara Malaysia ("BNM") policy document on Risk Governance and any relevant legal instruments, policy documents and guidelines issued by BNM. The Committee oversees the establishment of a robust risk management system and effective framework to identify, monitor, control and report risk; advise the Board on risk appetite and tolerance level that conforms to the Bank strategy development and business plan; provide effective oversight of senior management's activities in managing enterprise-wide risk, including all relevant and material risks; oversees ESG strategy, initiatives, priorities and targets, and integration of sustainability considerations across the Bank. The Committee promotes strong risk culture that the remuneration and performance review is aligned to prudent risk taking and adjusted appropriately for risks.

The Board Risk Management Committee, as designated by the Board, shall be responsible for supporting the Board in providing oversight over technology and cybersecurity related matters, and other responsibilities as stipulated in the BNM policy document on Risk Management in Technology. Among other things, review the technology-related frameworks for the Board's approval, and ensure that risk assessments undertaken in relation to material technology applications are robust and comprehensive.

The Board Risk Management Committee shall comprise at least three (3) members, exclusively Non-Executive Directors with majority being independent directors, and chaired by an Independent Director.

3.3 Board Remuneration and Nomination Committee

The objective of the Board Remuneration and Nomination Committee is to:

- Support the Board in overseeing the design and operation of the remuneration system of the Bank. It oversees the establishment of a formal and transparent procedure for developing remuneration policy for Directors, Chief Executive Officer ("CEO"), other members of senior management[1], control function heads[2] and other material risk takers[3] to ensure that remuneration is competitive and consistent with the business objectives, risk strategies, corporate values and long-term interests of the Bank.

- Support the Board in carrying out its functions of the appointment and removal of chairman, directors, CEO and other members of senior management, oversee the establishment of a formal and transparent procedure for the appointment and removal of chairman, directors, senior management and company secretary as well as assessment of effectiveness of individual directors, Board as a whole and performance of senior management.

  The Board Remuneration and Nomination Committee shall comprise at least three (3) members, exclusively Non-Executive Directors with a majority being Independent Directors, and chaired by an Independent Director.

[1] Refers to other members of senior management at CEO office and Chief Risk Officer
[2] Which include Chief Compliance Officer and Chief Internal Auditor
[3] Refers to individual identified based on criteria set out in the Risk Taker Policy

4.0 Board Composition

The composition of the Board shall be of a size that promotes effective deliberation, encourage the active participation of all directors and allow the work of the various Board Committees to be discharged efficiently. Other significant factors which have been taken into account in determining the Board's composition are as follows:

4.1 Board Size

According to the Bank's Constitution, the Board of Directors shall have the power to determine its size and may from time to time, subject to the provision of the Companies Act 2016, increase or reduce the number of Directors.

4.2 The Chairman

The Chairman of the Board must not be an executive, and must not have served as CEO of the Bank in the past five (5) years.

4.3 Independent Director

The Board must have a majority of Independent Directors at all times. 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 (2) 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[4] with the Bank or any of its affiliates within the last two (2) years.

[4] "Significant business or other contractual relationship" means any transaction with the Bank, whether with other persons or through a firm or a company of which he is a partner, director or major shareholder, the value of which exceeds RM1 million, and excludes the following transactions:
(i) for personal use of the said individual;
(ii) for person investment of the said individual except for the purpose of carrying on a trade or business; or
(iii) normal banking transactions other than loans and advanced, provided that such transactions are on normal commercial terms.

4.4 Executive Director

The Board must not have more than one (1) executive director and preferably it should be the CEO, unless under exceptional circumstances where BNM may allow, up to a maximum of two (2) executive directors.

4.5 Professional Advisor

The directors may appoint independent professional adviser to provide advisory or consultation service to the Board or other Board Committees at the expense of the Bank.

5.0 Board Process

5.1 Frequency of Meeting

The Board shall meet regularly during a year (regular meetings) and as and when necessary (ad hoc meetings). The frequency of Board meetings is determined by the Board. In general, there shall be at least five regular meetings in a year.

5.2 Quorum

The quorum for Board meetings shall be at least 50% of the total Board members and a meeting of the directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorisation and discretion by or under the Bank's Constitution.

5.3 Attendance

Individual directors are expected to contribute actively to the function of the Board and to allocate adequate time and effort to discharge his duties effectively. Individual directors 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.

Attendance of directors at a Board meeting, by way of other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.

5.4 Meeting Materials

At least five (5) days before each Board meeting, the members of the Board are each provided with comprehensive reports and information to enable them to discharge their duties.

5.5 Meeting Minutes

Company Secretary shall ensure that clear and accurate minutes of Board's meeting are maintained to record the decisions and proceedings of all meetings of the Boards, and indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.

6.0 Duties and Responsibilities of the Board of Directors

The main duties and responsibilities of the Board include:

6.1 Strategy and Planning

Set and oversee the implementation of business and risk objectives and strategies and in doing so shall have regard to long-term viability of the Bank and reasonable standards of fair dealing.

6.2 Risk Management and Internal Controls

- Ensure and oversee the effective design and implementation of the Bank's governance framework, sound internal controls, compliance and risk management systems commensurate with the nature, scale and complexity of the business and structure of the Bank.

- Oversee and approve the recovery and resolution plans, business continuity plans and operational resilience for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress.
- Assess and manage risk-taking activities to align with the Bank's capacity to absorb losses and long-term business viability.
- Ensure relevant legal requirements and policy documents issued by BNM are at all times observed.

6.3 Disclosure of Information

Ensure reliable and transparent financial reporting process within the Bank. The Board is responsible to ensure the integrity and credibility of financial statements of the Bank.

6.4 Management and Compliance

Promote, together with senior management, a sound corporate culture that reinforces ethical, prudent and professional behavior and ensure that the operations of the Bank are conducted prudently, and within the framework of the relevant laws and policies.

6.5 Monitoring and Delegation of Authorities to Various Committees

Establish and ensure the effective functioning of various Board Committees. Committee members are selected on their merits, expertise, and interests. Duties may be delegated to the Board Committees; however, the Board remains fully responsible for any authority delegated and decisions of the committees. The Board shall be timely and regularly informed of each committee's activities, findings, conclusion and recommendations. The Board shall review reports submitted by various committees, and provide guidance, when necessary.

6.6 Supervision over Performance of the Management

Oversee the selection, performance, remuneration and succession plans of the 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.

6.7 Communications with Shareholders / Stakeholders

Manage the Bank's business in accordance with the rules stipulated in the Constitution, relevant laws and regulations. The Board maintains an effective communication policy that enables both the Board and Management to communicate effectively with its shareholders, the stakeholders and the public either through disclosure or annual general meeting ("AGM"). The Board promotes timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank as well as strategic and regulatory developments at the group level that may significantly impact the Bank's operations.

7.0 Roles of Board Members

7.1 Roles of the Chairman

The key role of the Chairman is to ensure, amongst others:

- Smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
- Guidelines and procedures are in place to govern the Board's operation and conduct;
- All relevant issues are on agenda for Board meeting and all directors are able to participate fully in the Board's activities;
- Decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board;

- Directors receive the necessary information on a timely basis from the Management;
- Healthy discussion where avenues are provided for all directors to participate openly in the discussion and dissenting views can be freely expressed and discussed; and
- Provides leadership to the Board and lead efforts to address the Board's developmental needs.

7.2 Roles of Executive Director/ CEO

The key roles of the CEO, amongst others, include:

- Developing the strategic direction and ensuring that the Bank's strategies and corporate policies are effectively implemented;
- Ensuring that board decisions are implemented and board directions are responded to;
- Providing strong leadership and directions in the implementation of short and long term business plans;
- Keeping Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to Board members;
- Ensuring the day-to-day business affairs of the Bank are effectively managed;
- Establishing a management structure that promotes accountability and transparency throughout the Bank's operations, and preserves the effectiveness and independence of control functions;
- Ensuring compliance with laws, regulations and social responsibilities;
- Managing the relationship with the major investors, customers, suppliers, governmental organizations, media etc., in order to promoting the image of the Bank's and its products; and
- The CEO has moral and professional obligations to devote his attention and principally to the day-to-day operations of the Bank.

7.3 Roles of Non-Executive Directors

The roles of the Non-Executive Directors, amongst others, include:

- To participate in Board meetings, exercising independent judgement in decision making and providing sound and objective advice on the Bank's strategies, operating results, resources and operating conditions etc.;
- To contribute actively to the functions of the Board and be able to provide special expertise to the Board;
- To review and monitor the performance of the Bank, achievement of its objective and targets, including objectively questioning the Management on matters other than the information submitted by the Management; and
- To act as a bridge between Management, shareholders and other stakeholders, provide the relevant checks and balances on the Board, focusing on shareholders' and other stakeholders' interests.

7.4 Roles of Independent Directors

The key roles of the Independent Directors, amongst others, include:

- To provide independent and objective views, advice and judgement to ensure a balanced and unbiased decision making process;
- To ensure effective checks and balances on the Board;
- To mitigate any possible conflict of interest between the policy-making process and day-to-day management of the Bank;
- To constructively challenge and contribute to the development of business strategies and direction of the Bank; and
- To ensure that adequate systems and controls to safeguard the interests of the Bank are in place.

8.0 Ensuring Efficiency

The directorship that can be held by directors (other than CEO) is limited to 25 to ensure that full commitment and sufficient time is given to the affairs of the Bank. The CEO shall not hold more than five (5) directorship in any entities other than the Bank and his directorship is subject to BNM's written approval.

8.1 Terms of Appointment

The appointment of directors and CEO of the Bank requires prior written approval from BNM as required under the Financial Services Act 2013 ("FSA"), and their terms of appointment must be in line with the FSA and BNM Policy Document on Corporate Governance.

In accordance with the Bank's Constitution, one-third (1/3) of the directors (except for the CEO who is not subject to retirement by rotation) shall retire from office at each AGM and they can offer themselves for re-election.

8.2 Tenure of Directors

The tenure limits for Independent Directors should generally not exceed nine (9) years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Bank.

8.3 Board Evaluation

An annual performance assessment will be carried out based on the specific criteria set (refer to Addendum of the Board Remuneration and Nomination Committee Terms of Reference) to evaluate the effectiveness of the Board as a whole, Board Committees and individual directors.

8.4 Director's Training

The Bank will develop in-house orientation and education programmes for its newly appointed directors to familiarise them with the industry and the Bank within three (3) months of the appointment. The programmes shall cover at a minimum the nature of business, the corporate strategy of the Bank, responsibilities and duties of the Board as a whole, an overview of the risks of the businesses, the risk management strategy of the Bank, legal requirements and financial overview of the Bank.

The Bank will ensure that all directors receive continuous education programmes and training in order to keep abreast with latest developments in the industry, particularly on relevant new laws, regulations, technology development and the changing risk factors (includes cybersecurity) from time to time.

9.0 Company Secretary

The Board shall be supported by a suitably qualified and competent licensed Company Secretary, who shall at minimum meet the requirements of the Companies Act 2016. The appointment and removal of the Company Secretary must be approved by the Board.

The Company Secretary is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates effective information flows between the Board, the Board Committees and Senior Management. All Board members have unlimited access to the professional and services of the Company Secretary. The Company Secretary shall attend all Board meetings and are responsible for the accuracy and adequacy of record of proceedings of the Board.

The Company Secretary must not have competing time commitments that may impair his/her ability to discharge his/her duties effectively. Unless BNM approves otherwise in writing, the Company Secretary of the Bank must devote the whole of his/her professional time to the affairs of the Bank. This does not preclude the Company Secretary from carrying out other responsibilities for the Bank or its affiliates, where these responsibilities do not conflict with his/her responsibilities to the Board.