



## **Terms of Reference of the Board of Directors**

### **Deutsche Bank (Malaysia) Berhad**

**(As of February 13, 2025)**

#### **1. Scope and responsibilities**

Notwithstanding any assignment by law or administrative order, the Board has the tasks set out in these terms of reference.

The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank, and for 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 decisions on the Bank and its customers, officers and the general public. In fulfilling this role, the Board must:

- (a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank's risk profile;
- (b) oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO") and Shariah Committee members, 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;
- (c) oversee the implementation of the Bank'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 the Bank's operations;
- (d) oversee the implementation of Shariah governance and compliance in the Bank;
- (e) oversee the implementation of technology-related framework and matters;
- (f) promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behavior;
- (g) promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies;
- (h) oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
- (i) promote timely and effective communication between the Bank and Bank Negara Malaysia on matters affecting or that may affect the safety and soundness of the Bank.

##### **1.1 Relationship with Shareholder**

- (a) It should be noted that the Board is not responsible to the Shareholder for the revenue or profitability of the Business; and



- (b) All decisions by representatives of the Shareholder, whether at a regional or global level, which may affect any of the responsibilities of the Board as delineated in these terms of reference or be reason of any statutory, legal or regulatory requirements must be notified to the Board as soon as possible for its review and consideration.

## **1.2 Effective Supervision Over Affairs of DBMB**

Transactions of fundamental importance to DBMB, such as major strategic decisions or other actions that may have a significant impact on DBMB's assets and liabilities, financial condition or operations must obtain the approval of the Board. This would include the granting of powers of attorney, major acquisitions or disposals of assets or participation in companies, granting of loans and such other transactions which under the Constitution of DBMB, FSA/IFSA or the Companies Act 2016 would require the approval of the Board.

## **1.3 Strategies and Business Plans**

The Board will review and provide its input on business strategies/plans and target numbers proposed by the various business units or by representatives of the Shareholder from a regional or global level. The Board will receive regular reports from the respective business areas to assess if these strategies and plans are being achieved and reasons for any changes or adjustments. Business plan of DBMB is developed on a yearly basis and updated in the ICAAP – Business and Risk Strategies document.

## **1.4 DBMB Policies**

- (a) Where there are Group policies or changes to the Group policies affecting the core operations and main business activities of DBMB, these shall be brought to the attention of the Board by the Management. Such policies shall include, but is not limited to policies pertaining to credit risk, market risk, operational risk, liquidity risk, asset and liabilities management, capital, compliance, anti-financial crime, anti-money laundering, accounting practices and methodology, cost management, information technology and audit;
- (b) The Management must fully brief the Board on the proposed policy or changes to the policy, the implications if implemented in DBMB and highlight whether such policies are in conflict with any local statutory / regulatory or legal requirements. All such Group policies must first be tabled in a Management Country Oversight meeting for review and approval before it is referred to the Board for its decision; and
- (c) The Board in considering and reviewing such policies will have a right to veto or propose variations to such policies taking into consideration local regulatory / statutory requirements and reputational risks issues and/or implications to the franchise. A consensus must also be reached with the head of relevant business area. All members are to apply reasonableness in considering the application of the proposed policy upon DBMB and its broader implication for the franchise.

## **1.5 Risk Management**

All Group policies pertaining to risk management including ICAAP policy documents must be submitted to the Board Risk Management Committee ("BRMC") for its review and the Board for approval.



- (a) The Board has established the BRMC to regularly review reports on credit, market, liquidity, operational, technology, cyber, regulatory reporting risks and be made aware of the risk exposure of DBMB and its ongoing risk management strategies periodically. The BRMC should be made aware by Management of any litigation and reputational risks in DBMB. It should also be made aware of DBMB's credit risk strategies and credit portfolios, and recommend to the Board to approve such loans that may require a resolution pursuant to the law or the Constitution;
- (b) The Board must ensure that Group risk management processes which are adopted at the subsidiary level are suitable to the context of local regulations and operating environment;
- (c) The Board has established a Malaysia Risk Country Oversight Meeting ("RISCO") comprising the Head of Risk as permanent chair, the Chief Executive Officer, the Chief Financial Officer/ Chief Operating Officer, Head of Operations, Head of Compliance and Credit Officer, which shall review and endorse new products and credit applications, except for housing loans and excluding any credit transactions with connected parties, upto the prevailing internal SCEL. The BRMC shall receive regular reports from the RISCO on all new products and credit applications reviewed by it. In addition, the BRMC shall review and recommend to the Board to approve new products as required under BNM's Guidelines on Introduction of New Products.

#### **1.6 Compliance Risk**

The board is responsible for overseeing the management of compliance risk, including:

- (a) approve the compliance policy and oversee its implementation;
- (b) approve the establishment of the compliance function and the position of the Head of Compliance, and ensure that the compliance function and the Head of Compliance are provided with appropriate standing, authority and independence;
- (c) discuss compliance issues regularly, ensuring that adequate time and priority is provided in the board agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously;
- (d) provide the Head of Compliance with direct and unimpeded access to the Board; and
- (e) annually, evaluate the effectiveness of the overall management of compliance risk, having regard to the assessments of senior management and internal audit, as well as interactions with the Head of Compliance.

#### **1.7 Shariah Compliance**

To ensure DBMB comply with BNM's Guidelines on Shariah Governance (2019), the Shariah Committee will advise and report to the Board on Shariah matters in the Islamic Banking business operations.

- (a) the Shariah Committee shall review and endorse new and existing Islamic products and services including its key operation procedures manuals to ensure Shariah compliance; and
- (b) the Shariah Committee as an independent committee report functionally to the Board of DBMB on all Shariah matters and shall provide periodic reports on its deliberation and decisions on Shariah related issues including minutes of Shariah Committee Meeting.



### **1.8 Selection of Key Personnel**

The Board shall approve the appointment of DBMB's senior management. The Board shall ensure that such proposed candidates are qualified and competent to administer the affairs of the Bank effectively and soundly.

### **1.9 Confidentiality**

- (a) Members are expected to strictly observe the provisions of FSA/IFSA with regard to banking secrecy and customer information and all other confidential matters of DBMB which come to their knowledge in their capacity as Members and also after leaving their office as Members. This applies in relation to the confidential Board papers and reports they receive and to confidential deliberations. At the end of their respective terms of office, they must return all confidential documents to DBMB; and
- (b) Any member shall be allowed to seek and obtain the services of auditors, legal advisors and other internal and external consultants in order to discharge their duties with the prior consent of the Chairperson provided that the fees for such service do not exceed MYR50,000. Where such fees exceed the amount of MYR50,000 the approval of the Board will be required.

## **2. Membership**

### **2.1 Chairperson and Vice-chairperson**

The Chairperson of the Board must be approved by Bank Negara Malaysia. The Chairperson must not be an executive and must not have served as a CEO of the Bank in the past five years.

In the Chairperson's absence or upon the Chairperson's request, all roles and responsibilities as defined herein shall be delegated to the Vice-chairperson.

### **2.2 Further Members with voting rights**

The Board shall have a minimum of five Members, of which majority are independent directors at all times.

The Board must not have more than one executive director, unless Bank Negara Malaysia approves otherwise in writing.

Further Members with voting rights, together with the Chairperson and the Vice-chairperson (as applicable) the "Voting Members", are listed in Annex 1.

### **2.3 Members without voting rights**

The Board has no Non-voting Members.



2.4 Guests / Advisors

The Chairperson of the Board may allow guests to join a particular meeting of the Committee or parts of it, provided there is due justification.

2.5 Membership size

The Board should not have at any time less than five Members.

2.6 Maximum Tenure

The maximum tenure of independent directors shall be capped at 9 years, subject to the approval by the Board and Bank Negara Malaysia.

2.7 Deputies and Delegates

Deputies and Delegates, i.e. permanent representatives, of Members are not accepted.

2.8 Member Selection

The Chairperson is responsible for the Board composition and has to ensure appropriate representation of expertise required to fulfil the Board's mandate and regulatory requirements.

Changes to the membership trigger a general review of the ToR in accordance with section 10.

2.9 Qualifications

All Members must have the appropriate expertise to sit on the Board. Should Members have any doubt on this point, they must promptly notify the Chairperson who shall take appropriate measures.

2.10 Conflict management

All Members must promptly notify the Chairperson should they believe their involvement with a particular issue may fairly give rise to an actual or perceived conflict of interest. If the Chairperson agrees that an actual or perceived conflict is likely to exist, the Chairperson shall decide whether the Member affected is in a position to attend the meeting, while abstaining from discussing the respective issue and / or the decision-making process or whether the respective Member shall leave the meeting (or video conference or call), while discussion of the issue takes place. As to potential conflicts involving the Chairperson, the same process shall apply except that the Chairperson shall appropriately consider and weigh the facts potentially leading to a conflict together with the Vice-chairperson and on that basis decide whether he / she is in a position to attend the respective meeting and / or to discuss or vote the respective issue.

### 3. Secretary



The Chairperson shall appoint a Secretary of the Board who must not be a Member but has the responsibility for, among other things, preparing and coordinating the meetings, including information of Board Members in case decision shall be taken outside of scheduled meetings (see section 4.3), timely distribution of documents (see section 6.2), taking minutes (see section 6.3), maintaining a log of actions / issues, reporting to the Board on any open action items and following up with Members on any deliverables (see section 6.6). The Secretary shall also be responsible for ensuring the retention of all key committee documents, including agendas, minutes, log of actions / issues and an appropriate usage of relevant governance tools.

The appointment and removal of the company secretary must be approved by the Board.

## **4. Decision-making procedures**

### **4.1 Quorum**

Decisions of the Board shall only be taken if the Chairperson on duty and at least 50% of the remaining Voting Members are deemed present in accordance with section 5.3 or have participated in the decision-making process in accordance with section 4.3.

No decisions shall be made without the quorum being reached. Non-quorate meetings held may only serve information sharing and decision-preparing purposes.

### **4.2 Majority requirements**

Decisions of the Board are taken by a majority of the votes cast.

### **4.3 Decision-making**

Decisions may be taken during scheduled meetings (see section 5.1). At the discretion of the Chairperson, decisions may also be taken using a different process (e.g. electronically by email circular, by telephone or by using equivalent technical means).

Voting Members can abstain from voting in particular if preparatory documents are not distributed in a timely manner prior to the meeting in accordance with section 6.2. Alternatively, the Chairperson may decide to postpone the relevant agenda item. Both scenarios have to be reflected in the minutes.

### **4.4 Veto rights**

The Chairperson has the right to veto any decision of the Committee until the minutes of the meeting are final, provided that the decision has not yet been executed or consequences have become irrevocable. In case of an urgent decision which cannot be delayed, the veto right of the Chairperson can only be exercised during the meeting.

The responsibility for a decision vetoed, an appropriate follow-up and closure of the issue lies with the Chairperson.



- 4.5 Procedure in the event of a tie  
In the event of a tie, the vote of the Chairperson decides.

## **5. Meetings**

- 5.1 Frequency  
The Board shall endeavour to hold monthly meetings but may vary such number of meetings with reasonable notice to all members provided always that the minimum number of meetings required by DBMB's Constitution and regulatory/statutory requirements are met.
- 5.2 Length of meetings  
Meetings should have a maximum length of three hours. The Chairperson may allow an extension to the permitted meeting length in exceptional cases.
- 5.3 Attendance  
Members must attend at least 75% of the board meetings held in each financial year.

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

## **6. Board operations**

- 6.1 Agenda  
The Members will forward to the Secretary any issues which they want to be subject to discussion and / or decision at the next meeting. The Chairperson shall set the agenda for each meeting taking into account the issues communicated by the Members or other interested parties as well as any other issues the Chairperson deems relevant. A written agenda will be made available to the Members (and other attendees, as the case may be) in advance of each meeting in accordance with section 6.2.
- 6.2 Submission of documents  
To ensure a sufficient preparation time, the meeting agenda and other documents prepared for the meeting should be distributed at least (considering the volume of documents) five calendar days in advance of the meeting to the Members (and to the other attendees, as the case may be). The Chairperson may grant exceptions to this requirement in case of extraordinary ad-hoc meetings or in case Board operations, including decisions, require latest information. In any case, the Members must be given reasonable time to review the documentation, Section 4.3 para 2 applies accordingly.



### 6.3 Minutes

The Secretary shall take written minutes of each meeting. Such minutes shall include the names of each attendee, all decisions taken and the major discussion points.

In drafting minutes, the Secretary takes special care that minutes are accurate and complete, contain no unnecessary information, and are appropriate for potential disclosure.

### 6.4 Notification, Information and Periodic Reports

The Chairperson ensures that notice of any decision, decision preparation or declaration of intent with a material impact on (the decision-making of) other committees, position holders or functions are provided to whom it may concern, in a timely manner through a designated Member. The notification obligation shall be minuted accordingly.

### 6.5 Tracking of open issues

The Secretary is responsible for tracking open issues to ensure closure. In order to ensure that all Members of the Board are aware of the status, the Secretary will distribute the updated open issue list together with the finalized minutes (see section 6.3).

As a rule, meeting agendas should include updates as to progress on open issues.

## 7. Delegations and Sub-Committees

### 7.1 Tasks and responsibilities delegated to Sub-Board / Independent Committees:

- (a) The Board has established a Nominating and Remuneration Committee ("NRC") to deliberate on matters pertaining to Board appointments, composition, performance and developing remuneration policy for directors, CEO and Senior Management. The NRC and Board must ensure the overall remuneration policy and compensation plan is aligned and risk adjusted to promote prudent risk-taking activities in DBMB and oversee its implementation to ensure that it operates as intended. The terms of reference of the NRC are as outlined and approved by the Board.
- (b) The Board has established an Audit and Examination Committee ("AEC") to provide independent oversight of DBMB's financial reporting and internal control system and ensuring checks and balances within the licensed institution. The Board shall ensure the effective functioning of its AEC by regularly reviewing its deliberations and recommendations at each Board meeting. This may be done through a verbal report by the Chairperson of the AEC and through the tabling of the minutes of AEC meetings at Board meetings. The Chairperson of the Board may also direct the CEO to address such gaps or issues as may be identified by the AEC. The terms of reference of the AEC are as outlined and approved by the Board.
- (c) The Board has established a BRMC to provide independent oversight of DBMB's risk reporting and ensuring risk reports are robust and reflective of the risk appetite of DBMB. The Board shall ensure the effective function of the BRMC by regularly reviewing its deliberations and recommendations at each Board meeting. This may be





done through a verbal report by the Chairperson of the BRMC and through the tabling of the minutes of the BRMC meetings at Board meetings. The Chairperson of the Board may also direct the CEO to address any gaps or issues as may be identified by the BRMC. The terms of reference of the BRMC are as outlined and approved by the Board.

- (d) The Board has established a Shariah Committee to provide independent oversight of DBMB's compliance with BNM's Guidelines on Shariah Governance (2019), the Shariah Committee will advise and report to the Board on Shariah matters in the Islamic Banking business operations. The terms of reference of the Shariah Committee are as outlined and approved by the Board.

#### 7.2 Tasks and responsibilities delegated to Management committees:

The Board, in addition, directs that the day-to-day business decisions that affect DBMB as a whole be deliberated and agreed by consensus through the Country Committee and the Assets and Liabilities Committee. The CEO may determine the membership of each of these management committees and the voting or non-voting status of each respective member as the case may be. Members of these Management Committees are accountable to the Board for all such decisions affecting DBMB as a whole and must seek the Board's endorsement for all policies affecting DBMB. All Minutes of the proceedings of these Management Committees relevant to DBMB will be regularly tabled to the BRMC for their information to enable the BRMC to escalate matters to the Board. The Chairperson of the Board may also direct the CEO to address any gaps or issues should the need arise. The terms of reference of these Management Committees are outlined and approved by the Board.

## 8. Role of Chairperson and CEO

#### 8.1 The Chairperson, in leading the Board, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairperson must:

- (a) ensure that appropriate procedures are in place to govern the Board's operations;
- (b) ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that directors receive the relevant information on a timely basis;
- (c) encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
- (d) lead efforts to address the Board's developmental needs.

#### 8.2 The CEO, in leading senior management, bears primary responsibility over the day-to-day management of the Bank. The responsibilities of senior management include:

- (a) implementing the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board;
- (b) establishing a management structure that promotes accountability and transparency throughout the Bank's operations, and preserves the effectiveness and independence of control functions;



- (c) promoting, together with the Board, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behavior;
- (d) addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner; and
- (e) regularly updating the Board with the material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to:
  - (i) the performance, financial condition and operating environment of the Bank;
  - (ii) internal control failures, including breaches of risk limits; and
  - (iii) legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

## **9. Efficiency evaluation**

The Chairperson ensures that the Board regularly evaluates the efficiency of its activities.

## **10. Review of Terms of Reference (“ToR”)**

The ToR and the composition of the Board are reviewed by the Chairperson together with the Secretary on an annual basis or if required due to current developments and amended where necessary in accordance with section 2.8.

All changes to the ToR shall be addressed to Global Governance at the earliest opportunity.

Other changes to the ToR can be made by the Chairperson in accordance with the provisions of these ToR.



## Annexes

### Annex 1: List of Board Members and Secretary

Member name	Position title
<b>Chairperson</b>	
TBA	Independent Director
<b>Vice Chairperson</b>	
Madam Koid Swee Lian	Independent Director
<b>Members</b>	
Mr Chong Kin Leong	Independent Director
Datin Wan Daneena Liza binti Wan Abdul Rahman	Independent Director
Dato' Yusof Annuar bin Yaacob	Executive Director, Chief Country Officer,
Mr Seamus Toal	Executive Director, Chief Risk Officer, APAC & MEA
<b>Secretary</b>	
Ms Koh Hooi Bee	Company Secretary, DBMB

### Annex 2: List of Board Committees established

Name of Board Committee	Mandate
Nominating and Remuneration Committee	<p>To provide a formal and transparent procedure for the appointment of directors and senior management aligned with the requirements under BNM's Corporate Governance Policy and the appointment of Shariah Committee members aligned with the requirements under BNM's Guidelines on Shariah Governance;</p> <p>To provide oversight on remuneration policy and framework;</p> <p>To evaluate the performance of the directors and senior management</p>
Audit and Examination Committee	To provide independent oversight on financial reporting and internal control system
Board Risk Management Committee	To provide oversight in risk management