

GX Bank Berhad
(Formerly known as A5-DB Operations (M) Berhad)
Board of Directors – Board Charter

1. Purpose

- 1.1 The role of the Board of Directors (“**Board**”) is to provide leadership to GX Bank Berhad (“**Bank**”) and put in place the management team for the Bank to achieve its strategic direction and overall business objectives, taking into account the need to safeguard customers’ interests.
- 1.2 The Board has the responsibility to oversee the conduct of the Bank's business and to supervise management. In supervising the conduct of the business, the Board, through the Chief Executive Officer (“**CEO**”) sets the corporate culture and standards of conduct for the Bank.
- 1.3 The Board delegates the management and day-to-day running of the Bank to the CEO and management team in accordance with such policies and directions as the Board may from time to time determine with the exception of the matters reserved to the Board.
- 1.4 The Board shall give due consideration to the laws and regulations governing the Bank, and the Terms of Reference (“**TOR**”) of the Board shall be aligned with relevant regulatory requirements and industry.
- 1.5 Any entity within the Bank’s group shall be defined as “Affiliate”.

2. Board Membership

- 2.1 The Board shall have an appropriate balance of directors with sufficient, diversified, current and relevant knowledge and experience, including sector experience, to understand the key activities and risks involved in the business and to provide effective challenges across the major business lines of the Bank.
- 2.2 The Board shall have a minimum of five (5) directors. It should be of sufficient 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.
- 2.3 The majority of the Board members shall be independent. The majority of the Board shall be non-executive directors (“**NEDs**”).
- 2.4 The members of the Board must not be disqualified pursuant to Section 59(1) of the Financial Services Act 2013 and have been assessed to have met all the fit and proper criteria in line with the BNM Fit and Proper Criteria assessment.
- 2.5 The members of the Board must not be a member of any political parties.
- 2.6 The members of the Board must not have competing time commitments that impair their ability to discharge their duties effectively.

- 2.7 The members of the Board must not hold more than five (5) external professional commitments on the board of trustees, advisory boards and board of directors of public listed companies.
- 2.8 a. The Chairman and members of the Board, shall be appointed and removed by the Board, acting on the recommendations of the Board Nomination Committee, such appointment to be subject to BNM approval. Directors may also resign from the Board. The Board should document the key consideration factors of the selection, appointment, re-appointment, resignation, retirement or removal of Board members.
- b. The members of the Board Committees shall be appointed and removed by the Board acting on the recommendations of the Board Nomination Committee.
- 2.9 The Chairman and the CEO shall be separate persons to ensure an appropriate balance of power, accountability, and capacity of the Board for independent decision making.
- 2.10 The Chairman shall be responsible for leading the Board, the development of the Bank's culture and for ensuring the Board's effectiveness in all aspects of its role. The Chairman shall promote high standards of integrity, a culture of openness and debate at the Board, facilitate the effective contribution of all directors and high standards of corporate governance across the Bank, and ensure effective communication between the Board, management, shareholders and wider stakeholders.
- 2.11 The Board shall establish and regularly review succession plans for the Board to promote Board renewal and address any vacancies.
- 2.12 The tenure of an independent director shall not exceed a term limit of nine years.
- 2.13 A written approval of BNM must be obtained before the Bank removes an independent director or an independent director resigns from his position.
- 2.14 The Board shall comprise at least 30% women directors.
- 2.15 The Board must develop, document and regularly review the criteria and skill sets required of its members, both individually and collectively. The criteria and skill sets must reflect the fit and proper requirements and specific market or business knowledge required of the Board. It is important that the criteria and skill sets be reviewed regularly by the Board to encourage diversity and ensure alignment with the mandate, strategic direction and emerging challenges faced by the Bank. The Board must also take into account supervisory concerns highlighted by BNM that require specific expertise on the Board.
- 2.16 The Chairman of the Board must not be an executive, and must not have served as a CEO of the Bank in the past five (5) years.
- 2.17 The Board of the Bank must not have more than one (1) Executive Director ("ED"), unless BNM approves otherwise in writing. BNM may allow more than one (1) ED on the Board of the Bank if the Chairman is an independent director and BNM is satisfied that the additional appointment will not compromise board effectiveness, having regard to:
- a. the extent of his/her involvement in making or implementing management decisions

- that are subject to the Board's oversight;
 - b. the degree to which his/her incentives are influenced by the performance of the Bank;
 - c. the effectiveness of the NEDs in providing a counterbalance to the collective influence of executives on the Board; and
 - d. the significance and uniqueness of the contribution that the candidate is expected to bring to the Board.
- 2.18 To ensure that the Group interests are appropriately balanced against the fiduciary and statutory duties that directors owe towards each legal entity they serve, directors who are Board members of the Bank and its Affiliates must remain in the minority of the Bank's Board if:
- a. the Affiliate is a holding company or subsidiary of the financial institution that is itself a financial institution; or
 - b. there are strong operational dependencies between the Bank and the Affiliate.

3. Board Committees

- 3.1 The Board shall establish and ensure the effective functioning of the Board Committees that it considers necessary or appropriate to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration.
- 3.2 Board Committees shall include the Board Audit Committee, Board Risk and Compliance Committee, Board Nomination Committee and Board Remuneration Committee.

4. Meetings and Quorum

- 4.1 The Board shall meet as and when appropriate but not less than four times annually.
- 4.2 The Board Chairman, the Secretariat (as defined below), or at least two other members of the Board has the authority to call meetings of the Board, as and when determined to be necessary for the Board to discharge its duties effectively.
- 4.3 When participating in Board and Board Committee meetings, Nominee Directors ("NDs") and EDs (if any) are expected to discharge their responsibilities as directors of the Bank; they are not to act solely as the representative of the nominator (for NDs) or the activity for which they bear executive responsibilities (for EDs).
- 4.4 The quorum for a meeting shall be a majority of the directors.
- 4.5 The members of the Board may participate in meetings of the Board and Committees either in person or by means of video conferencing or other communication equipment, subject to appropriate safeguards to preserve the confidentiality of deliberations, which allows those participating to speak and hear one another clearly, and shall be entitled to vote or be counted in the quorum accordingly.
- 4.6 A 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.

- 4.7 The Board must ensure that clear and accurate minutes of board meetings are maintained to record the decisions of the board, including the 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.
- 4.8 A member of the Board shall disclose any potential conflict of interest. A member shall not take part in the voting of matters where the member has a material interest, whether directly or indirectly, which may conflict with the interests of the Bank. This member shall recuse himself/herself from the meeting when the matter is discussed. A member shall not be counted in the quorum at a meeting for any resolution in which they are recused or barred from voting.
- 4.9 The Board and Board Committees may, at their discretion, invite non-Board members, the CEO and other management representatives, or any other parties as it deems appropriate for carrying out its responsibilities. Such invited persons do not count towards the quorum.

5. Company Secretary

- 5.1 The Company Secretary or such person as nominated by the Board will be the Secretariat of the Board ("**Secretariat**"). The appointment and removal of the Company Secretary is the decision of the Board as a whole.
- 5.2 All directors shall have direct and independent access to the Secretariat. The Secretariat shall assist the directors, whether as an individual or as a group, to obtain independent professional advice, if necessary, in the discharge of their duties.
- 5.3 The Secretariat shall be responsible for ensuring Board procedures and applicable rules and regulations are complied with.
- 5.4 At least five (5) days' notice is required for any meeting but may be shortened by the agreement of all the members. The Board meeting agenda with relevant supporting documents shall also be circulated at least five (5) days prior to the Board meeting.
- 5.5 The Secretariat shall minute the proceedings and resolution of each meeting of the Board, including any concerns raised by IDs, particularly about the running of the Bank or a proposed corporate action that was not resolved. The Secretariat shall circulate the minutes of meetings to all attendees after receiving approval from the Board Chairman. The minutes of the meeting shall be approved by the Board at the next meeting.
- 5.6 The Secretariat shall be responsible, on behalf of the Board, for proper maintenance of the minutes for all Board meetings for record-keeping purposes and make them available for inspection by any Member of the Board and to maintain confidentiality on the affairs of the Bank and its officers at all times.

6. Duties and Responsibilities

- 6.1 The Board is collectively responsible for promoting the sustainable growth and financial soundness of a financial institution, 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 financial institution and its customers, officers and the general public.
- 6.2 The Board shall decide on matters that require its approval (Board Reserved Matters) and communicates this formally to management in writing. Matters requiring Board approval shall be disclosed in the financial statement or annual report.
- 6.3 The Board's duties and responsibilities in key areas are:

6.3.1 Strategy

- a. Provide leadership, approve and oversee the implementation of the Bank's strategic direction and overall business objectives as recommended by the CEO, whilst satisfying itself that the Bank's purpose, strategy and values align with the desired culture and standards of the Bank, such as ensuring fair dealing outcomes are delivered to customers.
- b. Provide oversight of the Bank's and senior management performance and seek assurance of competent and prudent management of operations in line with the Bank's strategy, risk appetite, business plans and budgets and code of conduct.
- c. Provide oversight of the Bank's Environmental, Social and Governance (ESG) strategy.
- d. Promote timely and effective communication between the Bank and BNM on matters affecting or that may affect the safety and soundness of the Bank.

6.3.2 Finance

- a. Review and approve the annual business plan and budget.
- b. Review and approve credit strategies and policies.
- c. Monitor the financial performance of the Bank and approve the annual financial statements.
- d. Require the CEO and the Chief Financial Officer ("CFO") to provide assurance that the Bank's financial records have been properly maintained and its financial statements give a true and fair view of the Bank's operations and finance and disclose such assurance in its financial statement or annual report.
- e. Determine an appropriate capital and debt structure for the Bank to meet its objectives.
- f. Set dividend policy and declare dividends.

- g. Approve major acquisitions and divestments.
- h. Malaysian Financial Reporting Standards 9 – Classification and Measurement Policy (“MFRS 9 – C&M”)

The Board shall be satisfied that:

- (a) The Bank processes and systems for classification, recognition and measurement of financial instruments are adequate;
- (b) Appropriate information about the classification, recognition and measurement provided to senior management and the Board on a timely and regular basis; and
- (c) Management of judgement has been exercised in an appropriate manner and is reasonable.

6.3.3 Risk Management, Compliance and Internal Audit

- a. Set the tone from the top, and inculcate an appropriate risk culture throughout the Bank.
- b. Review and approve the Bank’s risk management framework.
- c. Approve the Risk Appetite Statement and risk appetite framework, including metrics and thresholds, as well as review the Bank’s current risk profile, risk tolerance level and overall Risk Strategy.
- d. Internal Capital Adequacy Assessment Process (“ICAAP”)
 - The Board is responsible for ensuring a sound risk management framework and a robust ICAAP, setting capital targets that commensurate with the risk profile and appetite of the Bank.
 - Ensures the Bank has adequate capital to support its risks beyond the regulatory requirements.
 - Defines the risk appetite and establishes an acceptable level of risks that the Bank may take, as well as capital strategy.
 - Reviews and approves:
 - Capital planning (including capital targets and compositions of capital)
 - Capital stress testing frameworks of the Bank
 - Multi-year capital plan, and discusses the stress test results and the proposed capital contingency plans
 - Review and challenges the ICAAP in order to determine the appropriate level of capital resources held against the Bank’s risk.
 - Approve the stress testing scenarios and provide oversight and challenge of the design, execution and results of the ICAAP stress test.
- e. Approve the capital plan and strategy and review the target level and composition of

capital, and the process for setting and monitoring such targets, at least annually, to ensure congruence between the risk profile and capital adequacy of the Bank.

- f. Approve the Bank's exit plan on an annual basis and when there are material changes to the Bank's business strategy or applicable regulatory requirements.
- g. Approve the decision to activate the exit plan in the event of a breach of the established triggers.
- 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.
- i. Require the CEO and other responsible managers to provide assurance regarding the adequacy and effectiveness of the Bank's risk management and internal control systems and to disclose such assurance in the financial statement or annual report.
- j. Oversee the establishment and operation of a robust and independent enterprise wide risk management system and related policies and procedures to identify, measure, monitor, control and report the Bank's risks, in a manner commensurate with the Bank's risk appetite.
- k. Review and approve credit discretionary limits and investment and trading limits.
- l. Receive reports on, review and comment on the adequacy and effectiveness of the Bank's risk management and internal controls system (including capital, finance, operational, compliance and information technology controls functions, and the adequacy of resources allocated to these functions and disclose in the financial statement or annual report the Board's comment (together with a statement on whether the Board Audit Committee concurs with the Board's comment) and any material weakness identified as well as the steps taken to address them.
- m. Review significant incidents of non-compliance with laws and regulations and review management's investigations and reports issued by regulator(s).
- n. Review and monitor remedial action plans to address significant internal control deficiencies.
- o. Approve targets/actions/strategies in relation to the climate-related risk to ensure the Bank's objectives in relation to the climate-related risk is achieved.

6.3.4 Human Resources

- a. Approve the appointments, re-appointments and removals of Chairman, Board of Directors, Members of each Board Committees, CEO and Company Secretary, and note the senior management appointments approved by the Board Nomination Committee.
- b. Approve a continuous development programme to equip all directors with the appropriate skills and knowledge to perform their roles and discharge their

responsibilities, and such programme may include providing the directors with a detailed overview and risk profile of the Bank's significant or new business lines and update on relevant regulatory developments. The induction, training and development programme provided to both new and existing directors shall be disclosed in the Bank financial statement or annual report.

- c. Oversee the design and operation of a formal and transparent framework for determining the remuneration of directors, Management, and Material Risk Personnel, which ensures the alignment of compensation with prudent risk taking and culture.
- d. Approve the appropriate remuneration framework, policies and Key Performance Indicators ("KPI") for Management and Material Risk Personnel in light of the Bank's strategic goals and objectives, while ensuring good conduct and risk-taking behaviour, does not give rise to conflict between the Bank's objectives and its employees' interests.
- e. Review and approve succession plan for directors and senior management, including Chairman, the CEO and other key management personnel.

6.3.5 Corporate Governance

- a. Discuss and approve the Bank's organisational structure, ensuring that adequate corporate governance frameworks and systems are in place across the Bank.
- b. Review the Bank's corporate governance framework as well as culture and conduct framework on a periodic basis, and where there are material developments, to ensure they are in line with the provisions in the BNM Responsibility Mapping and remain relevant and effective.
- c. Promote a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- d. Establish clear lines of responsibility and accountability of the CEO and management.
- e. Establish procedures to prevent self-serving practices and dealing with conflicts of interest situations.
- f. Review and approve the criteria for evaluation of the performance of the Board, its Board committees, Chairman and directors and support the annual review of its own performance, and that of its Committees and individual directors.
- g. Review the Bank's practices to ensure they are consistent with the policy intent of the Principles outlined in the BNM Corporate Governance Policy Document. Where there is a variation from the policy document, the Board shall explain the variation and how its practice is consistent with the policy intent of the relevant Principle in its financial statement or annual report.
- h. Review and approve the Bank's annual report.

6.3.6 Connected & Related Party Transactions

- a. Approve the Bank's connected and related party transactions (herein referred as "CPTs" and "RPTs") and ensure they are undertaken on an arm's length basis.

6.3.7 Responsibility Mapping.

- a. Provide direction and oversee the implementation of the BNM Responsibility Mapping principles which shall include, but not limited to, the following:
 - (i) Principle 1: The Board shall oversee and ensure an effective process for identifying and assigning responsibility areas to individuals, as part of internal governance arrangements that promote sound management and decision making. This includes ensuring all responsibility areas are clearly identified and mapped into the organisational structure;
 - (ii) Principle 2: The CEO must ensure that all identified responsibility areas are allocated to individuals at an appropriate senior level, and who have the professional competence, authority and accountability to manage these areas;
 - (iii) Principle 3: The individuals to whom responsibilities are allocated are accountable for the management and conduct of the responsibility areas, including for the staff under their purview. In discharging this responsibility, an individual must exercise sound professional judgement, diligence and due care, adhere to the code of ethics of the financial institution and act with integrity. Where a responsibility area is shared by more than one individual, all individuals shall be held jointly and severally accountable for that responsibility area; and
 - (iv) Principle 4: The CEO must maintain a complete and up-to-date register of each individual's responsibilities, covering the individuals' responsibility areas across the institution and, where relevant, the group. Review and approve the Bank's conduct framework;
- b. Approve each Key Responsible Persons individual areas of responsibility and reporting lines.

6.4 The Board's duties in the above areas may be fully delegated, where permissible by regulations, to the appropriate Board Committee, or delegated to Board Committees for approval and endorsement by the full Board.

7. Access to Records and Advisors

7.1 The Board and any director shall have unfettered access to information, which the Bank is in possession of or has access to, for the purposes of carrying out its responsibilities. The Board must satisfy itself that such information received is comprehensive, accurate, complete and timely to enable effective decision-making on the firm's strategy, risk profile and emerging risks.

- 7.2 The Board and any director has the power and authority to obtain, at its discretion, advice and assistance from internal or external financial, legal, accounting or other advisors, and to hire and compensate external advisors at the Bank's expense.
- 7.3 The Board shall determine, in its business judgment, that any such consultants have no relationship to the Bank that would interfere with the exercise of its independent judgment.
- 7.4 The Board shall investigate any matter within its Charter and make any recommendations which it deems appropriate on any area within its remit where action or improvement is needed.

8. Amendments

- 8.1 The Board shall review and reassess this Charter annually or as determined by the Chairman and propose any recommended changes to the Board.
- 8.2 The Board may amend this Charter, from time to time, by action at any meeting or by unanimous written consent.