

## Nomination Committee Terms of Reference

*Revised: March 2009*

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### **I. Mandate**

To ensure that the Bank has the most competent individuals to discharge their responsibilities and/or to manage the Bank in the interests of shareholders and depositors by recommending appointments to the full Board of Directors for approval.

### **II. Members**

Members consist of 3 Non-Executive Directors (At least 2 members must be Independent Non-Executive Directors) and 3 Executive Directors to form 2 sub-committees, namely, Director Nomination Committee and Senior Executive Nomination Committee.

The Director Nomination Committee is formed by 3 Non-Executive Directors (At least 2 members must be Independent Non-Executive Directors) while the Senior Executive Nomination Committee is formed by not less than 3 Executive Directors.

### **III. Types of Appointment**

#### **Director, Chief Executive, Deputy Chief Executive and Group Executive:**

- Recommended by a majority of the Director Nomination Committee based on recommendation by the Senior Executive Nomination Committee.

#### ***Quorum***

- The quorum of the Director Nomination Committee meeting is two Independent Non-Executive Directors.

#### **Senior Executives (Chief Financial Officer, Chief Internal Auditor, Chief Information Officer, Chief Credit Officer and Chief Operations Officer):**

- Recommended by a majority of the Senior Executive Nomination Committee.

#### ***Quorum***

- The quorum of the Senior Executive Nomination Committee meeting is two members, of which the Chief Executive or his deputy must be present.

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### **IV. Role of Directors**

#### General

Directors, including Non-Executive Directors, share joint responsibility as members of the Board for the proper direction and management of an Authorized Institution (AI). Operational functions will be delegated to management but the Directors remain accountable for ensuring that management discharges these functions in a prudent, professional and competent manner and in conformity with the law.

Directors have many legal obligations, either imposed by common law or statutes. Some of these are highlighted below: -

#### Common Law

Common law imposes two main duties on a Director:

- Fiduciary duty
- Duty of care

The fiduciary duty, in practical terms, means that a Director:

- Shall act honestly and in good faith for the benefit of the AI;
- Must not act beyond the power conferred by the AI;
- Must guard against a conflict of interests in dealing with the AI;
- Should not use the property of the AI or any privileged access to information by virtue of his position for his personal advantage; and
- Must apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience.

In terms of duty of care, Directors are expected to administer the affairs of the AI diligently.

### **V. Role of Senior Executives**

Senior executives of an AI play a pivotal role in ensuring the financial soundness and efficient operation of the AI. The Board of Directors and the Chief Executive have the primary responsibility for appointing persons who are fit and proper to manage the AI's key business activities and functions.

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### **VI. Nomination of Directors**

#### Duties

The Director Nomination Committee shall:

- review the structure, size and composition of the Board from time to time and make recommendation to the Board regarding any proposed changes;
- identify individuals suitable and qualified to become board members and make recommendation to the Board. Selection of individuals nominated for directorship should take into consideration the candidate's:
  - background
  - skills, knowledge and experience
  - proven success in his/her field of endeavours
  - professional and moral calibre
  - available time to devote to the position
- assess the independence of independent non-executive directors
- make recommendation to the Board on matters relating to the appointment and re-appointment of directors

#### Reporting

- (a) The Director Nomination Committee shall present the minutes of meetings of the Committee to the Board
- (b) Corporate Governance Report in the Annual Report Disclosures shall include:
  - (i) role and function of the Committee
  - (ii) composition of the Committee
  - (iii) nomination procedures, process and criteria adopted by the Committee to select and recommend candidate for directorship during the year, and
  - (iv) a summary of work performed by the Committee during the year

### **VII. Approval of Appointment**

The full Board should make appointments based on Nomination Committee's recommendation.

Approved by the Board of Directors on March 12, 2009