

Corporate Governance Committee: Terms of Reference for Nomination (and Evaluation of) Board Directors of Phongsavanh Bank Limited

1. CONSTITUTION

Phongsavanh Bank Limited (the “Bank”) had resolved in March 2019 to establish a committee known as the Corporate Governance Committee (the “Committee”) to, inter alia, identify, select and nominate suitable individuals for the specific appointments of Directors, Managing Director/ Chief Executive, Chief Financial Officer and Chief Risk Officer of the Bank and recommend to the Board or Shareholders for their appointment, removal and succession planning; define planning of diversity of the Board; and perform evaluation of the effectiveness of the Board and individual Directors of the Bank.

In these Terms of Reference, unless the context otherwise defines, words denoting one gender shall include the other gender.

2. MEMBERSHIP

2.1 The Committee members shall be appointed by the Board from amongst the Directors of the Bank and shall consist of not less than two members. At least one of the members of the Committee should be an Independent Non-executive Directors (“INED”).

2.2 The Chairman of the Committee shall be appointed by the Board.

2.3 The tenure limit of Committee member for serving on the Committee shall be the tenure of office of that member for serving as Director on the Board or subject to the decision of the Board from time to time.

2.4 The quorum of any Committee meeting is two members, of which at least one should be an INED.

2.5 The Company Secretary shall act as the Secretary of the Committee.

3. MEETINGS

3.1 Meetings shall be held not less than twice a year.

3.2 The Secretary shall present the minutes of meetings of the Committee to all members of the Board.

4. AUTHORITIES

4.1 The Committee is authorised by the Board to obtain independent professional advice, at the Bank’s expense, to perform its responsibilities if it considers this necessary.

4.2 The Committee should be provided with sufficient resources to perform its duties.

5. DUTIES

The specific duties of the Committee shall be:

(a) to review (in conjunction with the Strategic Planning Committee) the structure, size and composition (including the skills, knowledge and experience) of the Board and Board Committees at least bi-annually and to determine if the Board or Board Committees collectively lack any skills or expertise to discharge their responsibilities effectively, and to identify steps for improvement; and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy; and

(b) to identify individuals suitably qualified to become Directors and make recommendations to the Board on the appointment or re-appointment and succession planning of Directors,

Provided that The Committee shall give adequate consideration to:

(1) the balance of skills, experience and diversity perspective appropriate to the requirements of the Bank's interests when making recommendations to the Board on the appointment or re-appointment and succession planning of Directors; and

(2) the independence of the independent directors appointed or to be appointed.

(c) to identify individuals suitably qualified to become Directors, the Managing Director, the General Manager and/or Chief Executive, Chief Financial Officer and Chief Risk Officer of the Bank;

(d) to monitor and follow up the implementation of the regulation and policy on the corporate governance of the management on a continuous basis and prepare the report to submit to the Board of Directors;

(e) to review, evaluate and make recommendations to the Board of Directors concerning the organisational structure of the bank, roles, rights and responsibilities of each committee of the Board of Directors;

(f) the committee shall meet at least twice a year or according to the requirement of the Board of Directors;

(g) to review its own activities and performance on a half-year and an annual basis and report to the Board of Directors;

6. REPORTING PROCEDURES

There should be disclosed in the Corporate Governance Report the following information:

- (i) the role and function of the Committee;
- (ii) the composition of the Committee (including names of Committee members and identifying the Chairman of the Committee);
- (iii) the number of meetings held by the Committee during the year and the record of attendance of members by name, at meetings held during the year;
- (iv) a summary of the work performed by the Committee during the year;
- (v) the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship during the year.

7. FREQUENCY OF REVIEW

These Terms of Reference should be reviewed on an annual basis and as required.

8. English Version to Prevail

In the event of a conflict between the Laos translation and the English text hereof, the English text will prevail.

At Vientiane Capital, date: 22 January 2020

Bounthanh Vongsoury
Chairman of Board of Directors
Phongsavanh Bank Limited