

### **COMPOSITION OF BOARD RISK MANAGEMENT COMMITTEE**

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|----|--------------------|----------|
| 1. | Mr Ng Siek Chuan   | Chairman |
| 2. | Mr Lu Yang         | Member   |
| 3. | Ms Chong Kwai Ying | Member   |
| 4. | Mr Lim Kheng Boon  | Member   |

## **TERMS OF REFERENCE**

### **I Objective**

The Board Risk Management Committee (“BRMC” or “the Committee”) assists the Board of Directors (“the Board”) to:-

- (i) oversee the effectiveness of the risk management framework and policies supporting the Bank’s strategies and risks, and risk related decision-making activity to ensure the management of bank-wide entity specific risks and alignment to the Bank’s risk appetite, strategies and capital, and prudent practices in risk taking activities;
- (ii) oversee the Senior Management’s activities in managing credit, market, liquidity, operational, information technology (IT), money laundering/terrorism financing & targeted financial sanctions (ML/TF & Sanction), compliance, legal and other risks;
- (iii) ensure the integrated risk management functions within the Bank are in place and effectively discharged;
- (iv) review and formulate Senior Management’s recommendations to the Board of Directors on risk and risk management aspect; and
- (v) oversight the Bank’s ethical behaviors and ensure it operates at all times within applicable laws, regulations and with due regard to ethical standards. This includes but not limited to Malaysian Anti-Corruption Commission Act, prevailing guidelines issued by regulators and standards relating to ethic, code of conduct and conflicts of interest.

### **II Size and Composition**

1.0 The BRMC shall comprise of:-

- 1.1 at least three (3) members of non-executive directors;
- 1.2 majority shall be independent non-executive directors; and
- 1.3 at least one member of the BRMC should have risk management expertise or experience.

### **III Roles and Responsibilities**

The BRMC shall be responsible for:

1.0 Risk Management Functions

- 1.1 To provide overall oversight and governance of risk across the Bank and ensures that the Senior Management promptly informs the Committee of regulatory and non-regulatory non-compliances and breaches.
- 1.2 To oversee the overall management of all risks covering but not limited to credit risk, market risk, operational risk, liquidity risk, IT risk, ML/TF & Sanction risk and compliance risk of the Bank.
- 1.3 To review Management’s periodic reports on risk exposure, risk portfolio composition and risk management activities and issues or matters relating to compliance.
- 1.4 To promote management of the Bank’s risk in accordance with a risk-return performance management framework.
- 1.5 To promote a prudent risk and compliance culture across the Bank.
- 1.6 To ensure that the Bank has in place effective risk management policies, processes, organisation and systems and ensure these are functioning adequately.

## 2.0 Risk Appetite

- 2.1 To provide oversight in the setting of the risk appetite/tolerance as well as strategic Key Risk Indicators and ensure the Bank's business activities are in line with its risk appetite, strategy and profile.
- 2.2 To review and recommend the Bank's overall risk strategy and methodology as well as risk appetite to the Board for approval.
- 2.3 To deliberate and assess the nature and materiality of risk exposures and its impact on capital.
- 2.4 To review the Bank's overall stress testing methodology which should cover various material risks and business areas. The results of the stress test should facilitate the development of risk mitigation or contingency plans for the stressed scenarios.

## 3.0 Policy and Framework

- 3.1 To review and assess the adequacy of risk related policies and framework including Internal Capital Adequacy Assessment Process (ICAAP), risk appetite, credit risk, operational risk, market risk, liquidity risk, IT risk, bribery and corruption risk, ML/TF & Sanction and compliance risk related policies and framework in identifying, measuring, monitoring and controlling risk and to the extent to which these are operating effectively.
- 3.2 To review and recommend changes to business, operational and risk related policies, as well as limits for business and operations to the Board for approval.

## 4.0 Compliance Functions

- 4.1 To review new products and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory bodies.
- 4.2 To oversee the management of the overall compliance risk of the Bank, including the recommendation of various compliance policies for the Board's approval and to oversee the implementation thereof.
- 4.3 To evaluate the effectiveness of the overall management of compliance risks of the Bank.

## 5.0 Oversight and Governance Review

- 5.1 To consider or provide oversight on matters referred by various management committees namely Risk Management Committee (RMC), Assets & Liabilities Committee (ALCO), Credit Committee (CC), Compliance & Assurance Committee (CAC) and other committee(s) as may be established in accordance with the regulatory requirement and/or operation requirement of the Bank.
- 5.2 To note the minutes of various management committees, namely RMC, ALCO, CC, CAC and other committee(s), as deemed appropriate.
- 5.3 Where risk strategies and policies are driven by the parent bank, the BRMC shall evaluate and provide input on such strategies and/or policies to cater for local conditions and where applicable, make appropriate recommendations to the Board on the execution or compliance of such strategies and/or policies.

## 6.0 Reporting Responsibilities

- 6.1 The Chairman of the BRMC shall regularly update the Board on the subject matters as deliberated at the Committee meeting.
- 6.2 The BRMC is to refer to the respective board committee(s) on matters that are relevant to these board committee(s).

## 7.0 Others

- 7.1 The Committee may appoint independent advisor, as it deems necessary to provide advisory or consultation services to assist the Committee in the discharge of its duties and responsibilities at the expense of the Bank.
- 7.2 Any other roles and responsibilities assigned by the Board.

# IV Procedures and Meetings

## 1.0 Frequency of Meetings

- 1.1 The BRMC shall meet as frequently as may be necessary, but at least four (4) times a year and in any case, upon requisition of any member of the BRMC to transact such matters as are set out in its terms of reference.
- 1.2 The BRMC meeting will be held in Malaysia and/or overseas as may be agreed by the BRMC members in conjunction with the convening of the Board's meeting in the event the same is to be held overseas.

## 2.0 Quorum

- 2.1 The quorum shall be two (2) members present in person with a majority being independent non-executive director.

## 3.0 Notice of Meetings

- 3.1 Consent from the Chairman of the BRMC is required for the convening of any meeting. At least seven (7) days' notice is required for any meeting but may be shortened by agreement of all members present who are sufficient to form a quorum.
- 3.2 Upon consultation with the Chairman of the BRMC, meeting materials should be circulated to the BRMC members by the Company Secretary at the same time the agenda of the meeting is circulated. If not available, at a shorter period as may be consented by the Chairman of the BRMC.
- 3.3 The agenda will be sent to the BRMC members together with the notice of meeting.
- 3.4 Under special circumstances, urgent and ad-hoc matters may be tabled at the meeting with the consent of the Chairman.

## 4.0 Chairman of the Meeting

- 4.1 The Chairman of BRMC shall be an independent non-executive director and be appointed by the Board.
- 4.2 The BRMC meeting will be presided over by the Chairman of the BRMC or in his/her absence, such independent director as nominated by the meeting.
- 4.3 The Chairman of the BRMC or the chairman of the meeting shall take reasonable steps to ensure the proper functioning of the meeting.

## **5.0 Secretary**

- 5.1 The Company Secretary shall be the secretary of the BRMC.
- 5.2 In the absence of the Company Secretary, the BRMC members shall designate an appropriate staff to act as the secretary of the meeting based on majority agreement.

## **6.0 Attendance at Meetings**

- 6.1 Each member must devote sufficient time to prepare and attend the BRMC meetings.
- 6.2 The meeting could either take place in a single physical location or by means of tele/video conferencing or similar communication system whereby all the participants can hear and address each other at the same time.
- 6.3 The BRMC may invite other directors, Chief Executive Officer, other senior management and staff to its meetings to assist in the discharge of the committee's functions as deemed appropriate.

## **7.0 Voting**

- 7.1 A majority of vote shall be required to pass or defeat any resolution. In the case of an equality of votes, the Chairman has a casting vote in addition to any other vote he/she may have. However, should there be only two members in attendance (inclusive of Chairman of the BRMC), the vote must be unanimous in order to pass or defeat any resolution.
- 7.2 Alternatively, the matter is to be referred to the Board for decision; and any delegation of authority to the Chairman of the Board to handle the matter will be at the discretion of the Board.
- 7.3 Member(s) of the BRMC shall abstain from participating in discussions and decisions making on matter(s) of his/her interest.

## **8.0 Minutes**

- 8.1 Minutes of each meeting should be properly recorded by the secretary of the BRMC and distributed to all the members of the BRMC for confirmation. The confirmed minutes of meeting is to be signed by the Chairman of the BRMC or in his/her absence, by the chairman of the meeting.
- 8.2 The minutes of the BRMC meeting shall be tabled to the Board for notation.
- 8.3 A resolution in writing, signed by all the members of the BRMC, shall be valid and effectual as if it had been passed at a meeting of the BRMC duly convened and held.

## **V. Others**

The Terms of Reference of the BRMC will be reviewed as and when deemed appropriate so as to maintain its relevancy with the business operation of the Bank and in line with the regulatory requirement.