MCB GROUP

SUCCESS BEYOND NUMBERS

# Risk Monitoring Committee Charter

# 1. Objectives

The Board Risk Monitoring Committee (RMC) shall assist the Board in setting up risk mitigation strategies and to assess and monitor the implementation of the risk management process of the MCB Group Limited and all its subsidiaries (collectively the "Group"). The Committee shall also advise the Board on risk issues and shall monitor risk limits and targets against set risk appetite in the case of the banking subsidiaries.

This Charter is posted on the organisation's website.

# 2. Composition

2.1. The Chairperson and members of the RMC shall be appointed by the Board on the recommendation of the Corporate Governance and Sustainability Committee ('CGSC').

2.2. The RMC shall consist of at least three members, the majority of whom shall be non-executive directors.

2.3. The Chief Executive Officer shall be a member of the Committee.

2.4. The Chairperson of the Committee shall be a non-executive director and shall not be the Chairperson of the Board.

2.5. The Secretary of the RMC shall be the Group Chief Risk Officer.

2.6. All the members of the Committee shall have a broad understanding of the business and economic environment, of financial and business risks and of the country's legal and statutory infrastructure.

2.7. The Board may at any time remove member/s from the Committee and fill any vacancy/ies created by such removal.

# 3. Meetings

3.1. Meetings shall be held at least quarterly, or more frequently as circumstances require.

3.2. The Chairperson shall convene a meeting upon the request of any Committee member who considers it necessary.

3.3. The quorum for the Committee shall be three with the presence of at least one independent non-executive director. In case of absence of an independent non-executive director, the Chairperson of the CGSC may appoint another independent non-executive director in replacement thereof.

3.4. The Chairperson of the Committee may in case of absence designate an alternate. In case of absence of the Chairperson and where no alternate has been designated, the CGSC or the Chairperson of the Board shall appoint an independent non-executive director to chair the meeting.

3.5. The Committee may request any officer or employee to attend any meeting and provide pertinent information as necessary.

3.6. All decisions shall be taken on a majority of votes. In case a majority cannot be obtained, the Chairperson will have a casting vote

# 4. Roles and Responsibilities

The duties and responsibilities of the members of the Committee shall be in addition to those set out for a member of the Board.

The principal responsibilities of the RMC shall be to:

- Oversee the development of an effective risk management framework for the Group by implementing rigorous internal processes and controls which identify, monitor, measure and report different types of risks.

- Periodically assess the Inherent Risks facing the Group and its subsidiaries, as analysed under the four headings "Strategic, Financial, Operational and Compliance", as well as the adequacy of the controls to mitigate these risks in order to determine the level of Residual Risks. The outcome of this assessment shall be presented in the form of a Risk Heat Map ,with an action plan which will be regularly followed up in relation to residual risks identified to be above the tolerable level;

- Review the principal risks, including credit, market, liquidity, legal and reputational risks and the actions taken to mitigate them.

- Review regular information on risk exposures and risk management activities, and make appropriate recommendations to the Board.

- Review the assessments and reports on operational risk, which includes technical, human resources, security and business continuity risks, against the agreed risk tolerances and ensure that the Group's Business Continuity Plan is up-to-date.

- Oversee the Business Continuity Management program (BCM) of the bank, report to the Board the state of readiness of the bank BCM capability and provide guidance to the Board on strategic BCM matters.

- Oversee the operational control environment of the Group.

- Ensure that senior executives receive appropriate training with regard to the risks facing the Group and the techniques for managing those risks.

- Monitor risk portfolios against set limits with respect to, inter alia, risk concentration, asset quality, large and foreign country exposures, in compliance with regulations and internal policies.

- Ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.

- It should be noted that the oversight and management of cyber and technology risk fall under the purview of the Cyber and Technology Risk Committee.

- The Group Chief Risk Officer has direct access to the Committee Chairperson and to the Board Chairperson and is given the opportunity to discuss issues faced by the risk function on a regular basis.

# 5. Other Provisions

### 5.1. Professional advice

The Board has an agreed procedure whereby members of the Committee are able to seek independent professional advice, should the need arise. The professional services procured will be at the Company's expense and prior approval of the Chairperson is required.

### 5.2. Access to information

The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

### 5.3. Reporting

The Chairperson of the RMC shall report to the Board in a timely manner on the main issues that could have an impact on the affairs or reputation of the Group.

### 5.4. Review of Charter

The Committee shall review this Charter at least every two years and recommend any amendments to the Board for approval. The Charter shall be updated promptly to reflect material changes in applicable laws and regulations.