

ALLIANCE BANK MALAYSIA BERHAD AND ITS SUBSIDIARIES

GROUP RISK MANAGEMENT COMMITTEE (“GRMC”) TERMS OF REFERENCE

Table 1

No	Item	Details
1.	Objectives	<p>The Board-level GRMC is driven by the following objectives:</p> <ul style="list-style-type: none"> i. To oversee senior management’s activities in managing credit, market, liquidity, operational, compliance, legal, IT/Cyber and other risks. ii. To ensure that the risk strategy is sound and the risk management framework is in place and functioning effectively according to its purpose. iii. To actively promote a consistent culture of compliance and risk awareness and risk management within the Group.
2.	Composition and Membership	<ul style="list-style-type: none"> i. GRMC should comprise only non-executive directors with at least three (3) members, a majority of whom shall be independent directors. The Committee should be chaired by an Independent Director. The definition of Independent Director is driven by the prevailing BNM Guidelines. ii. The current list of GRMC Members is as per Table 2. iii. Invitees: Any other speaker, presenter or observer invited by the GRMC Chairman, as and when deemed suitable to attend the meeting. iv. Secretary: Representative from Group Corporate Secretarial.
3.	Roles and Responsibilities	<ul style="list-style-type: none"> i. In principle, the scope of GRMC shall be focused on Risk-related strategies, policies or issues as well as compliance policy at Group and entity levels. In line with the above scope, GRMC is responsible to oversee the risk management related subjects which are as follows: <ul style="list-style-type: none"> a. Reviewing risk management strategies, policies and risk tolerance. b. Reviewing and assessing adequacy of risk management policies and framework as well as IT policies and procedures in identifying, measuring, evaluating, monitoring and controlling the extent to which these are operating effectively, prudently and in compliance with all regulatory guidelines.

No	Item	Details
		<ul style="list-style-type: none"> c. Ensuring that infrastructure, resources and systems are in place for risk management and compliance functions, i.e. ensuring that the staff responsible for implementing risk management and compliance systems perform those duties independently of the financial institutions' risk taking activities. d. Reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities to ensure that the risk reports facilitate understanding and the determination of appropriate risk responses. e. Ensuring that the effectiveness of the Group's overall management of compliance risk is evaluated at least annually, and that adequate time and priority is provided in the agenda to deliberate compliance issues to ensure that such issues are resolved effectively and expeditiously. f. Support the board in meeting the expectations on risk management as set out in the BNM's policy documents on Risk Governance, Compliance and Technology Risk. g. Assisting the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the board remuneration committee. <p>ii. To oversee the technology-related matters which among other things, include the following:</p> <ul style="list-style-type: none"> a. Formulate long term strategic IT plan and ensure the IT strategic plan supports the Group's strategic business plan. b. Approve and monitor the performance of major IT initiatives and plans. c. Ensure the establishment of key performance indicators and service level agreements in measuring the performance of IT services delivered or received by the Group.
4.	Frequency of Meeting	At least bi-monthly.

No	Item	Details
5.	Quorum	Three (3) members shall constitute a quorum at meeting and majority of members present must be Independent Directors.
6.	Voting on Decisions	Decisions shall be adopted based on simple majority of GRMC members whom are present and voting. In the event of a tie, the Chairman holds the deciding vote.
7.	Minutes	The Secretary shall record the minutes of each Meeting. The draft minutes shall be circulated to all members / attendees within 14 working days after each meeting. The confirmed minutes of GRMC shall be reported to the respective BODs of ABG entities after each meeting.
8.	Authority	<ul style="list-style-type: none"> i. To review and approve risk management strategies, methodologies, policies and guidelines, risk tolerance / appetite; and other risk-relating issues affecting the Group. ii. To review and approve compliance policy, compliance review plan and oversee its implementation. iii. To approve the appointment, remuneration and dismissal/termination of the Group Chief Risk Officer/Group Chief Compliance Officer, including actively involved in their performance reviews. iv. To meet Group Audit Committee periodically for effective exchange of information to enable effective coverage of all risks.
9.	Review of the terms of reference	The GRMC shall review the adequacy of its Terms of Reference at two (2) years interval or as and when necessary with a view to enhance the roles and responsibilities of GRMC in line with the best practices in risk management, risk and corporate governance.
10.	Reporting Structure	The Group Chief Risk Officer and the Head of Group Compliance shall report directly to GRMC and report administratively to the Group Chief Executive Officer respectively.

Table 2

List of GRMC Members	
a.	Mr. Lee Boon Huat – Chairman
b.	Mr. Ho Hon Cheong
c.	Tuan Haji Ibrahim bin Hassan
d.	Puan Mazidah binti Abdul Malik
e.	Mr. Lum Piew