

ALLIANCE BANK MALAYSIA BERHAD AND ITS SUBSIDIARIES

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

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 ensure that appropriate risk controls and mitigations are in place to manage internal and external threats that is commensurate with the risk appetite of the Bank. ii. To oversee senior management’s activities in managing enterprise risks covering areas such as credit, market, liquidity, operational, compliance, legal, IT/Cyber and sustainability. iii. To actively promote a consistent culture of compliance and risk awareness and risk management within the Group including the efficacy of resources allocated to manage risk.
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. Invitees: Any other speaker, presenter or observer invited by the GRMC Chairman, as and when deemed suitable to attend the meeting. iii. Secretary: Representative from Group Corporate Secretarial.
3.	Roles and Responsibilities	<p>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 and compliance related subjects which are as follows:</p> <p><u>Risk Management</u></p> <ul style="list-style-type: none"> a. Oversee and approve material risk management strategies, policies, frameworks, methodologies and risk tolerance. b. Overseeing the adequacy of risk management policies and frameworks inclusive of Recovery Plan 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
		<p>c. Overseeing that infrastructure, resources and systems are in place for risk management functions, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institutions' risk taking activities.</p> <p>d. Overseeing management's periodic reports on risk exposure, risk portfolio composition, sustainability risk and risk management activities to ensure that the risk reports facilitate understanding and the determination of appropriate risk responses.</p> <p>e. Support the board in meeting the expectations on risk management as set out in the BNM's policy documents on Risk Governance.</p> <p>f. Overseeing 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> <p><u>Compliance</u></p> <p>a. Oversee and approve material compliance frameworks, strategies and policies, including but not limited to the relevant policies pertaining to prevention of money laundering, terrorism financing, proliferation financing, bribery and corruption</p> <p>b. Overseeing that infrastructure, resources and systems are in place for the compliance function, i.e. ensuring that the staff responsible for implementing compliance systems perform those duties independently of the financial institutions' risk taking activities.</p> <p>c. Overseeing the effectiveness of the Group's overall management of compliance risk is evaluated at least annually.</p> <p>d. Oversee regulatory compliance risk exposures and material reports or inquiries from regulatory authority and approve the actions to be taken including any non-compliance related matters, as well as Shariah non-compliance events.</p> <p>e. Oversee the implementation of remediation measures on breaches and compliance incidences within the Group.</p> <p>f. Provide adequate discussion and priority to deliberate compliance issues in ensuring such issues are resolved promptly and effectively.</p>

No	Item	Details
		g. Oversee the periodic reports presented on the assessment of compliance status of the Group, and updates on regulatory trends and requirements.
4.	Frequency of Meeting	<p>Monthly unless specified otherwise by the Chairman.</p> <p>There shall be at least one joint meeting held annually between the GRMC and the Group Audit Committee to ensure there is effective exchange of information so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the Group's risk appetite and business plan.</p> <p>To ensure there is an appropriate interface between the GRMC and the Group IT Committee, there shall be at least one joint meeting held annually between the GRMC and Group IT Committee on technology risk-related matters for effective oversight of all risks at the enterprise level.</p>
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	<p>The Secretary shall record the minutes of each Meeting.</p> <p>The draft minutes shall be circulated to all members / attendees within 14 working days after each meeting.</p> <p>The confirmed minutes of GRMC shall be reported to the respective BODs of ABG entities after each meeting.</p>
8.	Authority	<p>i. To review and approve risk management strategies, methodologies, frameworks, policies, risk tolerance / appetite; and other risk-relating issues affecting the Group.</p> <p>ii. To review and approve compliance frameworks, strategies, policies and compliance review plan and oversee its implementation.</p> <p>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.</p> <p>iv. To meet Group Audit Committee, Group EXCO and Group IT Committee periodically or on an as-needed basis, for effective exchange of information to enable effective coverage of all risks.</p>

No	Item	Details
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 Group Chief Compliance Officer shall report directly to GRMC and report administratively to the Group Chief Executive Officer respectively.