

Risk Committee

Terms of Reference

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The Revised Terms of Reference of the Risk Committee (the “Committee”) were adopted by the Board of Directors (the “Board”) on 08 July 2026. The Committee reports to and derives its authority from the Board.

OBJECTIVES:

The Committee shall:

- advise the Board on the implementation of the Risk Appetite Framework and report on the overall current and future risk appetite and risk culture of the Bank;
- oversee senior management’s activities in managing credit, market, liquidity, operational, legal, compliance, reputational and other risks, and actions to mitigate such risks and to ensure implementation of effective risk management, policies, procedures and processes; and
- ensure reports to the Board include details of all corrective actions and make relevant recommendations to the Board for enhancement of the overall risk management framework.

1. Membership/Composition

- 1.1. The Committee shall consist of not less than four (4) members and a maximum of five (5) members.
- 1.2. The CEO shall be a member of the Committee. With the exception of the CEO, the committee members shall be Non-Executive Directors.
- 1.3. The Chairperson of the Committee shall be a Non-Executive Director but ideally an Independent Non-Executive Director. The Chairperson of the Board nor the Chairperson of the Audit Committee shall act as Chairperson of the Committee.
- 1.4. Members should have an adequate familiarity with risk management of the Bank including its credit risk management processes, and have a broad understanding of financial and business risks as well as the international economic and political environment.
- 1.5. The Committee may have one member from the Audit Committee.
- 1.6. In the absence of the Chairperson of the Committee, the members present shall nominate one of them to chair the meeting.

2. Meetings

- 2.1. Frequency of Meetings - At least once every quarter or more frequently as circumstances require.
- 2.2. The Company Secretary of the Bank, or any designated member of the Bank’s secretariat, shall act as Secretary of the Committee.
- 2.3. The Company Secretary shall be responsible for organising and scheduling Committee meetings at the request of the Chairperson or by any of its members. In his/her absence, he/she shall be replaced by a designated member of the Bank’s secretariat.
- 2.4. The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda, as prepared by the Company Secretary in consultation with the Chairperson, shall, other than under exceptional circumstances, be communicated to each member of the Committee at his/her known registered address or electronic communication/email or the Bank’s Board portal.
- 2.5. The agenda as well as the documents pertaining to each committee shall be addressed to all members and the relevant attendees at least five (5) business days prior to the Committee meeting. In case of urgent matters, a prior notice of two (2) business days shall apply.
- 2.6. The requirements provided above may be varied subject to the written consent of all members.
- 2.7. Deliberations by way of circularisation assented by all members entitled to receive notice of a meeting of the Committee, shall be valid and effective as if they had been passed at a meeting of the Committee duly convened and held.

- 2.8. Members of the Committee are entitled to vote provided they are not conflicted and each member shall have one vote. The Chairperson shall not have a casting vote. The majority of votes shall decide a matter, and in the event of a deadlock, the matter shall be referred to the Board.

3. Secretary

- 3.1. The Company Secretary shall act as the Secretary of the Committee and will ensure that members receive Minutes and all other relevant documents in a timely manner to enable full and proper consideration to be given to all matters raised in the agenda.

4. Quorum

- 4.1. The quorum for any meeting of the Committee shall be a majority of its members.

5. Minutes of Meetings

- 5.1. The Secretary shall ensure that minutes of meetings are taken include all matters arising, discussions, attendance and decisions at each Committee meeting; and
- 5.2. Draft minutes of meetings shall be circulated to the Chairperson of the Committee within seven (7) business days of the meeting, unless circumstances dictate otherwise under which the Company Secretary shall then inform the Chairperson accordingly.
- 5.3. The Minutes of Meeting shall be submitted for approval of the Committee at the next meeting.

6. Authority

- 6.1. The Committee serves as a committee of the Board for duties assigned to it by the Board via its Terms of Reference and for its statutory duties in terms of the Bank of Mauritius Guideline on Corporate Governance. The Board retain the ultimate decision-making ability on such matters.

7. Role & Responsibilities

- 7.1. To advise the Board on the Bank's overall current and future risk appetite, and ensure alignment with strategic, capital and financial plans, in line with the Bank of Mauritius' Risk Appetite Framework requirements. The Committee shall ensure that risk appetite is embedded into the risk culture and decision-making processes throughout the institution.;
- 7.2. To review and consider, on at least an annual basis, the adequacy and effectiveness of the risk and credit risk management framework and policies, identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- 7.3. To review and recommend to the Board any changes to risk policies and procedures to ensure adequacy, effectiveness and robustness of the risk framework;
- 7.4. The Committee shall ensure that the Bank maintains adequate infrastructure, resources and systems to support risk management, and that risk management staff operate independently from the Bank's risk-taking activities in accordance with regulatory requirements.;
- 7.5. To monitor and assess management's periodic reports on risk exposure, risk portfolio, risk appetite, concentration of risk by category, stress testing and risk management activities;
- 7.6. To provide oversight and ensure appropriate design and execution of stress and scenario testing; including review and approval of the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and Expected Credit Loss (ECL) frameworks, which should include:
- 7.6.1. the roles and responsibilities of the Board, Senior Management, Assurance functions (comprising Risk Management, Compliance and Internal Audit) as well as other stakeholders responsible for ongoing activities within the stress testing framework including scenario/model development/results; reporting, control and monitoring of data, results obtained and their end use;
- 7.6.2. Assessment of the performance of the risk methodologies, assumptions and scenarios and their effectiveness, and to make recommendations for remedial actions as necessary;

- 7.6.3. To conduct periodic reviews of policies and procedures to ensure compliance to Bank of Mauritius Guidelines on Stress Testing.
- 7.7. To identify principal risks, including those relating to credit, market, liquidity, operational, legal, compliance, reputational and other risks and establish appropriate procedures and controls to measure, manage and mitigate these risks.
- 7.8. To oversee the identification and management of climate-related, environmental and other emerging risks, including ESG risks, in line with BOM guidelines and international best practices and to ensure that appropriate scenario analysis, disclosure frameworks and risk assessment tools are adopted.
- 7.9. To establish a framework for identification and management of cross-border (country) risk.
- 7.10. To establish effective procedures and controls to identify any deterioration in the loan portfolio in a timely manner.
- 7.11. Management of Stage 2 and Stage 3 assets.
- 7.12. To recommend the appointment of the Chief Risk Officer who, among other things, shall have no revenue-related performance targets, and shall provide assurance that the oversight of risk management is independent from operational management, and is adequately resourced with proper visibility and status in the Bank.
- 7.13. To ensure that the Chief Risk Officer provides regular reports to the Committee, senior management and the Board on his/her activities and findings relating to the Bank's risk appetite framework.
- 7.14. To develop an evolving and challenging risk culture within the Bank, and to ensure that adequate training is delivered to all relevant staff on a regular basis.
- 7.15. To ensure that the Bank has a comprehensive risk governance framework that is consistent with the BOM's Guideline on Compliance Risk Management and Governance, including:
 - 7.15.1. Clearly defined roles and responsibilities of the Board, Board Committees, Senior Management, and Risk Management functions.
 - 7.15.2. Approval of the Bank's Risk Management Framework and its alignment with the strategic objectives of the Bank.
 - 7.15.3. Oversight of the independence, adequacy of resources, and effectiveness of the risk management and compliance functions.
- 7.16. To oversee the implementation of a structured Enterprise-Wide Risk Management (ERM) framework covering all material risks across business lines, legal entities and jurisdictions, and ensure periodic independent review of the ERM framework.
- 7.17. To oversee the effectiveness of the Bank's business continuity management (BCM), recovery and resolution planning, and ensure appropriate testing of recovery and crisis management frameworks.
- 7.18. To ensure that internal control systems and compliance functions are effective, independent and adequately resourced, and that breaches or control weaknesses are escalated by Senior Management to the Committee.
- 7.19. To review and provide oversight on risk-related aspects of material related party transactions and to ensure mechanisms are in place to manage and disclose conflicts of interest in accordance with the BOM Guideline on Corporate Governance
- 7.20. To oversee risk management activities outsourced to third parties and ensure such arrangements comply with the BOM Guideline on Outsourcing by Financial Institutions, particularly with respect to risk ownership, controls, and performance monitoring.

8. Reporting Responsibilities

- 8.1. The Chairperson shall report to the Board on its deliberations at quarterly Board meetings on all significant matters within its roles and responsibilities.
- 8.2. The Committee shall make relevant recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. Other matters

- 9.1. The Committee is authorised to seek information from any officer or employee of the Bank, all of whom are directed to co-operate with any request made by the Committee;
- 9.2. The Committee shall have access to outside or other independent professional advice as it considers necessary to carry out its duties at the Bank's expense within any reasonable budgetary guidelines as indicated by the Board. The Chairperson may invite any such consultant or advisor to attend a meeting of the Committee;
- 9.3. The Committee shall have access to sufficient resources in order to carry out its duties, including full access to the Bank's secretariat for assistance as required;
- 9.4. The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations;
- 9.5. Regular training on risks and related subject should be provided to the members for continuous development, as decided by the Committee;
- 9.6. The Committee shall arrange for periodic reviews of its own performance and review its Terms of Reference on at least an annual basis to ensure it is operating at maximum effectiveness, and should recommend any changes it considers necessary to the Board for approval.