



Terms of Reference

**THE RISK MANAGEMENT /
CONDUCT REVIEW**

1. Constitution

At a meeting held at 4th Floor Nexteracom Building Ebene on November 8th, 2016, the Board of Directors of AfrAsia Bank Limited resolved to establish for the company a standing committee to be known as the Risk Management / Conduct Review Committee (BRC), in accordance with these Terms of Reference which were adopted at a Board Meeting held on 4th of February 2016

The mandate of the BRC shall be to periodically review management performance in controlling risks in the light of established policies. The BRC shall also perform the function of the Conduct Review Committee.

2. Membership

- The Chief Executive Officer shall be a member or member in attendance of the BRC
- The BRC should be composed of a majority of non-executive Independent Directors.
- The Secretary of the Company shall act as Secretary to the Committee on meetings

3. Composition

- The BRC will consist of at least four members.
- The Board will appoint committee members and the committee chair.
- The quorum for decisions of the Committee shall be fixed by the Committee and if not so fixed, shall be any four members present throughout the meeting who shall vote on the matter for decision. No business shall be transacted at a meeting of the Committee if a quorum is not present. Some approvals will be made via circulation and same quorum applies.

4. Meetings

- Meetings of the BRC will be held as the Committee deems appropriate. However, the Committee should meet at least once every quarter with interval between any two meetings not exceeding 110 days with a minimum of 4 meetings during each financial year. Meetings should be organised so that attendance is maximised. The Chairperson of the Committee or any member of the Committee may call a meeting at any other time.
- The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional

circumstances, be forwarded to each member of the Committee at his known registered address, not less than four working days prior to the date of the meeting.

- Minutes of all meetings shall be circulated to all the members of the Committee and may also, if the Chairperson of the Committee decides, be circulated to other members of the Board.

Approvals of Related Party files and any other approval required may be done by Circulation. A consensus to be reached for each file/ request. After review of proposed Paper and if a consensus has not been reached, majority vote will prevail.

The members of the BRC have up to 48 hours to revert with comments and/or support/ decline

5. Duties

The duties of the BRC shall be:

- Review the principal risks and have a global view on all risks which the bank is facing which includes but not limited to credit, market, liquidity, operational, legal, compliance and reputational risks and the actions taken to mitigate the risks.
- The main focus of the committee shall also be to ensure that the bank maintains a satisfactory liquidity and solvency ratio at all times
- Formulate and make recommendations to the board in respect of risk management issues including limits setting and risk appetite
- Receive periodic information on risk exposures and risk management activities from senior officers
- Ensure that the CEO facilitates training programmes for directors and senior management to enable them to have a robust understanding of the nature of the business, the nature of the risks, the consequences of the risks being inadequately managed and the techniques for managing the risks effectively
- Review and approve discussions and disclosure of risks
- Provide prior endorsement for appointment and removal of the Chief Risk Officer
- Have the mandate to require management to establish policies and procedures to comply with the requirements of the Guidelines on Related Party Transactions
- Review the policies and procedures periodically to ensure their continuing adequacy and enforcement

- Review and approve credit exposures to related parties
- Ensure market terms and conditions are applied to all related party transactions
- Review the practices of the financial institution to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the bank is identified and dealt with in a timely manner
- Report periodically and in any case not less frequently than on a quarterly basis to the board of directors on matters reviewed by it, including exception on policies, processes and limits

6. Remuneration

- Having regard for the functions performed by the members of the Committee in addition to their functions as Directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the Constitution of the Company, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- Such special remuneration shall be in addition to the annual fees payable to Directors.

7. General

- The BRC, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- The Board will ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.
- The Committee shall be subject to regular evaluation by the board.
- These Terms of Reference may be amended as required, subject to the approval of the Board.

APPROVED BY THE BOARD OF DIRECTORS ON 9th November 2016