BANK PEMBANGUNAN MALAYSIA BERHAD
Registration No.: 197301003074 (16562-K)

BOARD RISK MANAGEMENT COMMITTEE
TERMS OF REFERENCE

1. Objective

The primary objective of the Board Risk Management Committee ("BRMC") is to oversee the Senior Management's activities in managing the key risk areas of Bank Pembangunan Malaysia Berhad ("BPMB" or the "Bank") Group ("hereinafter referred to as BPMB Group") and to ensure that the risk management process is in place and functioning effectively.

2. Composition

2.1 BRMC shall consist of not less than three (3) members of the BPMB Board of Directors ("Board").

2.2 All Members of BRMC shall be Non-Executive Directors, with the majority of whom are Independent Non-Executive Directors.

The Chairman of the Board shall not be a member of the BRMC.

2.3 The appointment of the Chairman and members of BRMC shall be approved by the Board based on the recommendation made by the Board Nomination and Remuneration Committee ("BNRC"). All members of BRMC, including the Chairman, shall hold office so long as they remain as Directors of BPMB.

2.4 The members of BRMC may relinquish their membership with prior written notice to the Company Secretary and may continue to serve as Directors of BPMB.

2.5 The members of BRMC shall possess sound judgement, objectivity, management experience, integrity and knowledge of the industry. The members of BRMC are required to make a declaration of interest in the event that they have interests in proposals, which are being considered by BRMC, including where such interest arises through close family members and related parties, in line with various statutory requirements on the disclosure of directors' interests.

In all situations, where the members of BRMC are deemed as interested, such interested members would recuse himself/herself from all proceedings and deliberations of BRMC pertaining to the matters of conflict. The declaration of interest and abstention from the deliberation and voting would be recorded in the minutes of the meeting or written resolutions of BRMC.

3. Chairman

3.1 The Chairman of BRMC must be an Independent Non-Executive Director. In his/her absence, the members present at the meeting may elect any of its members to be the Chairman of the said meeting.

4.	Invitee	4.1	The following Senior Leadership Team ("SLT") are the Permanent Invitees for BRMC:- • Group Chief Executive Officer ("GCEO"); • Chief Risk Officer ("CRO"); • Chief Compliance Officer ("CCO"); • Chief Credit Officer ("CCrO"); • Managing Director, Corporate Investment Banking; • Managing Director, Group Finance & Head, Group Operations. Notwithstanding the above, the GCEO and/or BRMC can appoint any other SLT as a Permanent Invitee as it deems appropriate.
		4.2	BRMC may invite other Directors and/or SLTs of BPMB's subsidiary(ies) to attend the BRMC Meeting as 'Invitee'. The aforesaid 'Invitee' shall only participate in the Meeting during the presentation and deliberation of matters concerning the subsidiary(ies).
		4.3	BRMC may invite to its meeting any SLT, and such other persons, as it deems appropriate in order to carry out its responsibilities.
5.	Secretary	5.1	The Company Secretary or a licensed officer from the Group Corporate Secretarial of BPMB shall prepare the minutes and resolutions of all BRMC meetings, including the names of those present and in attendance.
6.	Roles & Responsibilities	The duties and responsibilities of BRMC shall include the following:-	
		6.1	To provide oversight and strategic direction for the Management of all risks in the BPMB Group.
		6.2	To review and recommend risk management strategies (e.g. development of new products, ventures into new markets or business activities, product pricing strategies, planning of technology, skills and resources required), policies and risk tolerance that are appropriate to the nature, scale and complexity of its activities, applicable for BPMB and/or BPMB Group, for the Board's approval.
		6.3	To review and assess the adequacy of Group-wide risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
		6.4	To ensure infrastructure, resources and systems are in place for risk management, that is, ensuring that the staff responsible for implementing risk management systems perform those duties independently of BPMB Group's risk-taking activities.
		6.5	To review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

6.6 To provide effective oversight of Senior Management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework and implementation.

6.7 To meet with the Board Audit Committee periodically, to ensure effective exchange of information so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on BPMB Group's risk appetite and business plans.

6.8 To seek independent third-party views or information on risk implications as appropriate before coming to any conclusion or making any significant policy recommendation.

6.9 To consider how BPMB Group's operational and organisational structures affect its ability to manage risks on an enterprise-wide and group-wide basis and the implications for capital and funding strategies.

6.10 In relation to the position of Chief Risk Officer ("CRO"), BRMC is required to:-

(a) To establish an independent senior risk executive role (CRO or its equivalent) who has direct and unimpeded access to the Board and BRMC and to allow for effective engagement with P/GCEO and other members of Senior Management with sufficient stature, authority, seniority and distinct responsibility for the Group Risk Management function and framework across the entire organisation;
(b) To recommend to BNRC and/or Board on the appointment, performance evaluation and termination of the CRO;
(c) To engage with CRO on a regular basis and to provide the opportunity for CRO to meet with BRMC and to discuss issues faced by the Group Risk Management function;
(d) In relation to item (c) above, BRMC may consider engaging with CRO without the presence of other Senior Management from time to time; and
(e) To ensure that CRO is supported with sufficient resources, including competent officers, to perform its duties effectively.

6.11 In relation to the position of Chief Compliance Officer ("CCO"), BRMC is required to:-

(a) recommend to BNRC and/or Board on the appointment, remuneration package, performance evaluation and termination of the CCO;
(b) ensure that CCO has sufficient stature to allow for effective engagement with P/GCEO and other members of Senior Management;
(c) engage with CCO on a regular basis and to provide the opportunity for CCO to meet with BRMC and to discuss issues faced by the Group Compliance function;

(d) in relation to item (c) above, BRMC may consider engaging with CCO without the presence of other Senior Management from time to time;
(e) provide CCO with direct and unimpeded access to BRMC;
(f) ensure that CCO is supported with sufficient resources, including competent officers, to perform his duties effectively; and
(g) where CCO also carries out responsibilities in respect of other control functions (if any), be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by CCO.

6.12 Overseeing the management of BPMB Group's compliance risk. In order to fulfil this duty, BRMC is required to:-

(a) endorse BPMB Group's compliance policy and oversee its implementation;
(b) recommend for Board approval on the establishment of the compliance function and the position of the CCO, and ensure that the Compliance function and the CCO are provided with appropriate standing, authority and independence;
(c) discuss compliance issues regularly, ensuring that adequate time and priority are provided in BRMC's agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously; and
(d) evaluate the effectiveness of BPMB Group's overall management of compliance risk, having regard to the assessments of Senior Management and Group Internal Audit, as well as interactions with CCO at least on an annual basis.

6.13 To deliberate on investigation reports in relation to whistleblowing cases and decide on actions to be taken against the alleged individuals in accordance with Group Human Resource policy.

6.14 In relation to sustainability and climate change risks:

(i) Deliberate and endorse BPMB's MIND and Sustainability Framework and ensure it clearly articulates the accountability and the process for effective management of sustainability and climate-related risks of the Group.
(ii) Review and reaffirm BPMB's MIND and Sustainability Framework and its related policies remain relevant on an ongoing basis.
(iii) Deliberate enterprise-wide risks, emerging risks and events, including sustainability-related risks, that may directly/indirectly impact the Group's risk profile.
(iv) Deliberate the integration of material sustainability risks and opportunities into business processes, including the Group's risk management frameworks.
(v) Monitors the relevant risk dashboards, on a quarterly basis or as and when required, on matters involving sustainability and climate-related risks.
(vi) Review periodic reports on sustainability risks and opportunities.

6.15 In relation to Technology Risk:

(i) Ensure effective oversight and management of the BPMB Group's technology-related risks profile.
(ii) Review and recommend technology risk appetite and corresponding risk tolerances for the Board for approval.
(iii) Review and assess the BPMB Group's technology risks, including those related to cybersecurity, IT infrastructure, and data protection.
(iv) Regularly monitor KRIs to track the technology risk exposure.

6.16 To note the approved TOR of the Management Risk Committee ("MRC") and Asset & Liability Committee ("ALCO"), and the changes in the composition of both MRC and ALCO members.

6.17 To consider any other matters referred by the BPMB Board to BRMC.

7. Authority

7.1 BRMC shall have full authority to seek/obtain information from any employee of BPMB Group and to commission any investigations, reports or surveys, which it deems necessary in facilitating BRMC to fulfil its duties and obligations.

7.2 BRMC may request, at BPMB's expense, any external or independent professional advice or expertise, if necessary.

7.3 The BRMC is encouraged to have an independent session with the Committee without the presence of the Management before or after the BRMC meeting.

8. Quorum

8.1 The quorum necessary for the BRMC meeting shall be at least 51% of the total number of Members, of which a majority must be represented by Independent Directors.

8.2 A member of the BRMC shall be deemed to have attended a meeting either by his/her physical presence or via other modes of telecommunication, including but not limited to video teleconferencing or telephone, subject to the consent of the Chairman of the meeting.

8.3 A duly convened meeting of the BRMC at which a quorum is present shall be competent to exercise all/any of the authorities, powers and discretions vested in or exercisable by the members.

8.4 A member interested in a contract or a proposed contract or arrangement shall be counted for the purpose of determining a quorum. However, he/she must abstain from participating in discussions and decisions on matters directly involving him/her.

		8.5	Decisions relating to the BRMC's recommendation shall be consensus, always adhering to the quorum for the meeting. Notwithstanding the above, the Chairman shall call for a vote of the members if the circumstances warrant it, where the decision shall be carried out based on the majority. In case of an equality of votes, the Chairman shall have a second or casting vote. No Member will abstain from voting unless he or she has declared a conflict of interest. In the event of ambiguity in the decision, the Chairman has the authority to recommend that the matter be escalated to the Board.
9.	Frequency of meetings	9.1	BRMC shall meet at least six (6) times a year or at such other times as and when requested by the Chairman of the BRMC.
10.	Attendance	10.1	All members are required to attend at least 75% of the BRMC meetings held in each financial year.
		10.2	Any member who fails to attend three (3) consecutive BRMC meetings shall be removed as a member of BRMC.
11.	Notice of Meeting & Meeting Paper	11.1	The Company Secretary shall notify meetings of BRMC at the request of the Chairman of BRMC.
		11.2	Unless otherwise agreed, a notice of each meeting confirming the venue, date and time together with the agenda of items to be discussed, shall be forwarded to the Chairman of BRMC, preferably not less than seven (7) days prior to the date of the meeting.
		11.3	All meeting papers shall be provided to BRMC members not less than three (3) days prior to the date of the meeting. However, papers that are deemed urgent may still be submitted to the Company Secretary after the expiry of such deadline for paper submission to be tabled to the BRMC, subject to the approval of the Chairman of BRMC.
		11.4	After the conclusion of the BRMC meeting, a summary decision of the meeting shall form part of the presentations and proposal papers to the Board meeting.
12.	Minutes of Meeting & Circular Resolution	12.1	The Company Secretary shall minute the proceedings and resolutions of the meeting. The minutes must record the decisions of the BRMC, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must also indicate whether any member abstained from voting or excused himself from deliberating on a particular matter.
		12.2	The Company Secretary shall ascertain, at the beginning of the meeting, the existence of any conflict of interest and minute them accordingly.

12.3 Draft minutes of each BRMC meeting shall be circulated to BRMC members prior to tabling of the said minutes for confirmation five (5) days before the subsequent BRMC meeting.

12.4 Minutes of the BRMC Meetings shall be approved by the members and signed by the Chairman of the meeting.

12.5 A circular resolution in writing signed by the majority of the members of BRMC in like form for the time being present in Malaysia shall be valid and effectual as if it had been passed at a meeting of BRMC. The circular resolution in writing shall be supported by relevant papers setting out details of the subject matter. The members of BRMC may obtain more information from Management and express their views or points, as well as convey their decisions, by facsimile, electronic mail, or any other means of telecommunication. The circular resolution in writing is limited to matters which is not complex and do not require in-depth discussion. All circular resolutions shall be submitted for information/ confirmation at a meeting of BRMC following the passing of the circular resolutions.

12.6 Minutes of meetings and circular resolutions in writing of BRMC, which have been confirmed and signed, shall be submitted to the Board for notification.

13. Others

13.1 The Terms of Reference shall be reviewed once every (2) years or within such time as determined by the BRMC.

The review/ amendment/ modification of the Terms of Reference shall be tabled at the BRMC for recommendation and to the Board for approval.

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