

AL HILAL BANK PJSC
Terms of Reference of the Board Risk Committee
Approved by the Board of Directors on 1st September,
2022

Terms of Reference of the Board Risk Committee

1. Definitions

In these Terms of Reference the following words and phrases shall have the meaning assigned to them below:

“Bank”	means Al Hilal Bank PJSC;
“Board”	means the Board of Directors of the Bank;
“BCBS”	means Basel Committee for Banking Supervision;
“Central Bank”	means the Central Bank of the United Arab Emirates;
“Corporate Governance Regulations”	means all applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank’s Corporate Governance Regulation and Standards for Banks (Circular No.83/2019 dated 18 th July, 2019) and the Securities & Commodities Authority (SCA) Chairman’s Resolution No.03/R.M of 2020 Regarding the Approval of the Public-Joint-Stock Companies Governance Guide;
“Committee”	means the Board’s Risk Committee;
“Chairman”	means the Chairman of the Committee;
“CEO”	means the Bank’s Chief Executive Officer;
“CRO”	means the Bank’s Chief Risk Officer;
“Director”	means a member of the Board;
“ECL”	means Expected Credit Losses;
“Group”	means a group of entities, which includes the Bank and (a) any subsidiary of the Bank, and (b) any affiliate and joint venture of the Bank;

“Independent Director”	means a Director who is assessed as independent pursuant to the Corporate Governance Regulation;
“ICAAP”	means Internal Capital Adequacy Assessment Process;
“KPIs”	means Key Performance Indicators;
“MEC”	means the Bank’s Management Executive Committee;
“Non-Executive Director”	means a Director who does not have any management responsibilities within the Bank, and may or may not qualify as an Independent Director;
“PRRBB”	means profit rate and rate of return risk in the banking book;
“PSIs”	means products, services, and initiatives;
“RAS”	means the Bank’s Risk Appetite Statement;
“Risk Governance Framework”	means the framework through which the Board and Senior Management establish and make decisions about the Group’s risk approach; articulate and monitor adherence to the risk appetite and risk limits related to the Group’s strategy; and identify, measure, manage, and control risks;
“Senior Management”	means the executive management of the Bank responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank;
“Staff”	means all persons working for the Bank, including the members of Senior Management, except for the Board;
“QCCP”	means a qualifying central counterparty; and
“VaR”	means value at risk.

2. Purpose

- 2.1. The purpose of the Committee is to enable the Board to fulfil its responsibilities in relation to the oversight of:
 - 2.1.1. the Group's risk appetite and risk strategy;
 - 2.1.2. the development and implementation of the Group's Risk Governance Framework;
 - 2.1.3. the alignment of the Group's strategic objectives with its risk profile;
 - 2.1.4. the risks in the Group's asset portfolios;
 - 2.1.5. development of risk measurement models, tools and monitoring of the effectiveness of such tools;
 - 2.1.6. the development and implementation of risk management strategies and limits;
 - 2.1.7. the compliance with regulatory requirements relating to risk management;
 - 2.1.8. the Group's public reporting on risk management matters; and
 - 2.1.9. the independence and effectiveness of the risk management departments throughout the Group.

3. Membership

- 3.1. The Committee members shall be appointed by the Board, after duly considering the recommendations of the Nomination, Compensation, HR & Governance Committee. Any member of the Committee may be removed or replaced at any time by the Board.
- 3.2. The Committee shall consist of a minimum three (3) and maximum five (5) Non-Executive Directors. At least one of the Committee members should also be a member of the Board Audit Committee to ensure a good flow of information between them and effective coverage of all risks, including emerging risks, and any needed adjustments to the Group's Risk Governance Framework.
- 3.3. The Committee shall collectively have experience in risk management practices, including any use of risk management models. At least one member must have a detailed understanding of liquidity risk management.
- 3.4. The members of the Committee shall elect from among its members a Chairman who shall be distinct from the chairman of the Board and the chairs of other Board committees. The chairman of the Board may not be a member of the Committee.

- 3.5. The CRO shall be the only permanent invitee from Senior Management to attend the Committee's meetings. The CRO may, with the agreement of the Committee's Chairman, invite members of Staff, or third parties, to attend certain items being presented.
- 3.6. The Head of Internal Shari'ah Control shall have the right of direct access to the Committee.
- 3.7. The Committee member shall be appointed for an initial period of three (3) years. Following expiration of that period, the Committee member may be re-appointed by the Board.
- 3.8. Where a Director who is a member of the Committee leaves office, the Board shall appoint a new member to the Committee.

4. Administration

4.1. Meetings

- 4.1.1. Meetings of the Committee shall be held at the head office of the Bank, by means of telephone or video-conference, or at any other place deemed appropriate by the Committee. Meetings shall take place at least once in every three months. Meetings shall be convened upon a written notice of the Chairman or the Committee's Secretary, upon the Chairman's instructions. Committee meetings may also be convened by the Chairman on the request of the CRO, if he considers it necessary or by the Committee's Secretary on the request of two (2) members of the Committee.
- 4.1.2. The Chairman shall develop the agenda for each Committee meeting, with the contribution from the Committee's Secretary, the CRO and, where appropriate, other members of Senior Management, and circulate it to all members of the Committee sufficiently in advance of the meeting, along with adequate supporting materials on the topics to be discussed.
- 4.1.3. Majority of the members shall attend all meetings in person (physical attendance and by audio-visual means) and shall not be represented in the meetings by proxy from other members for constitution of quorum. The Committee shall meet periodically with the Audit Committee to ensure effective exchange of information regarding the Group strategy and strategic priorities and effective coverage of all risks, including emerging risks and any needed adjustments to the Risk Governance Framework of the Group in light of its business plans and the external environment and to assist the Committee in the attainment of its objectives.

4.2. Resolutions

- 4.2.1. Resolutions of the Committee shall be adopted by a majority of votes of members present or represented. In the event of a tie the Chairman shall have a casting vote.

4.2.2. Without prejudice to the above clause, the Committee may exceptionally take some decisions based on resolutions by circulation, provided that:

- a) members unanimously agree that the case that necessitates a resolution by circulation is urgent;
- b) the resolutions are delivered to the members in writing (which shall include delivery by email) and accompanied by all the supporting documents and papers as necessary for reviewing it; and
- c) any resolution by circulation must be unanimously agreed upon by the members and must be submitted to the succeeding meeting of the Committee to be included in the minutes of such meeting.

4.3. Minutes

4.3.1. Minutes of Committee meetings shall be recorded and signed by the members attending the meeting and the Committee's Secretary. The meeting minutes shall include details of issues discussed, recommendations made, decisions taken, dissenting opinions and the person responsible for completion of tasks discussed at the Committee meeting. In case one of the members refuses to sign, their objection shall be recorded in the minutes together with the reason(s) for their objection, if given, and a copy of the minutes.

4.3.2. Drafts of the minutes of Committee meetings shall be circulated to the members for comments, which shall be incorporated and approved by the Committee at the subsequent Committee meeting.

4.3.3. Final copies of the meeting minutes shall be:

- a) signed by attending Committee members (digital or wet ink signature accepted);
- b) submitted to the Board for consideration at the next Board meeting;
- c) submitted to Board Secretariat for filing; and
- d) published on the Bank's Board portal.

4.3.4. A member of the Board Secretariat function shall act as the Committee's Secretary.

5. Reporting

5.1. The Committee shall report to the Board and shall provide periodic updates on matters which have been delegated to the Committee herein.

- 5.2. The Committee shall submit a written report to the Board specifying with absolute transparency its actions, findings and recommendations. The report shall be submitted annually or more frequently as and when requested by the Board.
- 5.3. The Committee shall make short presentations to the Board as and when required by the Board.

6. Powers of the Committee

- 6.1. The Committee shall have the appropriate authority to discharge its duties and responsibilities, as set out in these Terms of References and to sub-delegate those duties and responsibilities as it considers appropriate, provided that such sub-delegation is notified to the Board at its next meeting. All sub-delegations granted before the date of adoption of these Terms of Reference shall remain in place.
- 6.2. The Committee is empowered to appoint or retain external independent professionals and consultants for advising or assisting the Committee on legal, accounting, or other matters, to the extent it deems necessary or appropriate.
- 6.3. The Committee's responsibilities and authorities set out in these Terms of Reference shall be without prejudice to the responsibilities and authorities of the MEC as set out in the MEC's terms of reference (as amended from time to time), and any inconsistency shall be highlighted to the Board for decision or resolution.

7. Responsibilities

7.1. Risk Management Framework

- 7.1.1. The Committee shall provide guidance to Senior Management, as needed, to assist them in improving the Group's risk management practices and/or mitigating certain risks.
- 7.1.2. The Committee shall establish processes and tools to coordinate the identification, measurement, evaluation, monitoring, reporting and control or mitigation of all material sources of risks, such as credit risk, concentration risk, strategic risk, model risk (models covering: credit, ECL, market risk and risk grading), profit rate risks, liquidity risks, market risks, country and transfer risks, operational risks, including compliance risk, information security risks, data management risks, fraud risks, people risk. Islamic risks, people risks and other risks that have a material impact on the Group, on a timely and comprehensive manner and to provide to the Board with a solo and Group-wide view of all material risks.
- 7.1.3. The Committee shall periodically review the risk profile of the Group within the context of the risk appetite approved by the Board.

- 7.1.4. The Committee shall oversee the development and implementation of the Group's Risk Governance Framework (including policies, processes, procedures, systems and controls), while taking into account the Group's risk profile, nature, size and complexity of its business and structure.
- 7.1.5. The Committee shall advise the Board on the Group's overall risk appetite, tolerance and strategy, taking account of the Group's long-term interests, risk exposures and ability to manage risk effectively as well as current and prospective macroeconomic, competitive, regulatory and financial environment drawing on financial stability assessments such as those published by the Central Bank and other authoritative sources that may be relevant for the Group's risk policies.
- 7.1.6. The Committee shall review the Group's capability to identify and manage new risk types.
- 7.1.7. The Committee shall periodically review and recommend the revisions to the Group's Risk Governance Framework.
- 7.1.8. The Committee shall ensure that the Group has information systems and risk management in place to enable measuring, assessing and reporting on the size, composition, and quality of risk exposures on the Bank-wide and Group-wide basis across all risk types, PSI and counterparties.
- 7.1.9. The Committee shall establish appropriate risk data aggregation and reporting policies and processes, which define the design, implementation and maintenance of a data architecture and information technology infrastructure.
- 7.1.10. The Committee shall approve the PSI and outsourcing policies and shall establish an approval procedure for new PSIs, material modification to existing PSIs and strategic or major operational initiatives, such as changes in systems, business models, acquisitions and outsourcing.
- 7.1.11. The Committee shall ensure that the Group's stress testing program addresses credit, market, and operational and any other material risks given the nature of its business (including, but not limited to, concentration risk, profit rate risk in the banking book, liquidity risk, currency risk, reputation and compliance risk, contagion risk, country and transfer risk, legal risks and strategic risks) and at a minimum covers the following factors:
- Bank and Group specific and system-wide events;
 - Extreme but plausible shocks as well as more gradual changes in key risk parameters, such as profit and exchange rates;

- Potential reputational risk implications of the Group's actions in a stress scenario;
- Potential for loss of key sources of funding; and
- Potential outflow related to customer activity.

7.1.12. The Committee shall periodically review stress scenarios and stress test program results.

7.1.13. The Committee shall support the Board in establishing the Group's corporate culture. In particular, it shall create expectations that all business is conducted in an ethical manner and compliant with laws, regulations and internal rules that shall promote risk awareness within a strong risk culture, in accordance with the conduct risk framework and policies.

7.1.14. The Committee shall review and approve Senior Management's strategies and plans for mitigation of material risks faced by the business units of the Group.

7.1.15. The Committee shall review the Group's delegated risk management authorities, on a periodic basis.

7.1.16. The Committee shall ensure that management have processes in place to ensure the Group's adherence to the approved risk policies.

7.1.17. The Committee shall receive regular reporting and communication from the CRO and other relevant functions about the Group's current risk profile, current state of the risk culture, utilization against the established risk appetite and limits, limit breaches and mitigation plans.

7.1.18. The Committee shall be responsible for advising the Board on the Group's current and future risk appetite, overseeing Senior Management's implementation of the RAS, monitoring the state of risk culture in the Group and interacting with and overseeing the CRO.

7.1.19. The Committee shall review and provide oversight of the implementation and review of risk management control systems throughout the Group, including the communication of risk management policies and risk positions and the review of independent risk management systems and controls.

7.1.20. The Committee shall establish an effective process for exception tracking and reporting and shall review reports on any material breaches of risk limits and assess the adequacy of proposed actions, including notifications to the Central Bank in case of significant breaches to the risk appetite statement, risk management policies and procedures, in line with the Central Bank's Risk Management Regulation. The Committee may delegate the authority for such reporting to the CRO in case the Committee cannot meet at a short notice.

- 7.1.21. The Committee shall review the Group's procedures for detecting fraud.
- 7.1.22. The Committee shall review the Group's procedures for the prevention of bribery.
- 7.1.23. The Committee shall, without prejudice to the tasks of the Nomination, Compensation HR & Governance Committee, regularly review the Group's remuneration framework and examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.
- 7.1.24. The Committee shall recommend to the Board the appointment and/or removal of the CRO, set the CRO yearly KPIs and undertake their annual performance assessment review.
- 7.1.25. The Committee shall ensure that the CRO shall be given the right of direct access to the Chairman of the Board and to the Committee.
- 7.1.26. The Committee shall review the Group's compliance with applicable laws and regulations relating to risk management systems and procedures, including the Group's preparedness for developments and advances in the regulatory framework for risk management and capital adequacy in the markets in which it operates.
- 7.1.27. The Committee shall provide oversight of Environmental, Social and Governance (ESG) risks.
- 7.1.28. The Committee shall provide oversight on the real estate exposure strategy and risk management and ensure compliance with the guiding threshold specified in the respective standards and regulations.
- 7.1.29. The Committee has responsibility for oversight of subsidiary risks and will oversee the key risks in each subsidiary's operation.

7.2. **Capital Adequacy**

- 7.2.1. The Committee shall establish adequate policies, procedures, processes, systems and controls for assessing the Group's overall capital adequacy in relation to its risk profile and a strategy for maintaining its capital levels above regulatory minimum requirements.
- 7.2.2. The Committee shall oversee the Group's periodic capital adequacy reporting process and ensure that such reports are submitted to the Central Bank in a timely and comprehensive manner.
- 7.2.3. The Committee shall ensure the Group has prudent valuation practices, policies and procedures for the trading book, including guidelines for the use of unobservable inputs

into valuation models, frequency of independent valuation, timing of closing prices, procedures for adjusting valuations, end of the month and ad-hoc verification procedures.

7.2.4. The Committee, if applicable, shall regularly review all of the Group's exposures to QCCPs, including exposures arising from trading through a QCCP and exposures arising from QCCP membership obligations such as default fund contributions.

7.3. Credit Risk

7.3.1. The Committee shall oversee the implementation of adequate policies, procedures, processes, systems and controls for assessing the Group's overall credit and concentration risk in relation to its risk profile and business strategy ensuring large exposures, ECL, capital adequacy and other key risk metrics are maintained within or above regulatory requirements, as appropriate.

7.3.2. The Committee shall periodically review the Group's credit risk profile including review of risk rating systems, portfolio analysis and aggregation, large exposures and risk concentrations, counterparty risk, securitization and complex credit derivatives, ensuring credit risk remains within the approved RAS.

7.3.3. The Committee shall approve the use of any new models for credit risk management, ECL, market risk and ensure periodic external and/or internal validation of models used for these purposes, including review of key model assumptions, where relevant.

7.3.4. The Committee shall ensure that stress testing program on credit risk include appropriate scenarios to measure the Group's vulnerability to loss under both adverse macroeconomic and idiosyncratic scenarios and/or shocks as prescribed by the Central Bank.

7.3.5. The Committee shall review the assessment of Pillar 2 risks and approve the ICAAP.

7.3.6. The Committee shall oversee the data management and data privacy policies and the requirements and adherence to the consumer protection requirements.

7.4. Profit Rate Risk

7.4.1. The Committee shall approve and oversee implementation of the PRRBB strategy and Risk Governance Framework in order to identify, measure, evaluate, monitor, report and control or mitigate material sources of PRRBB in a timely manner.

7.4.2. The Committee shall annually review the PRRBB strategy, policies and processes in line with the Group's changing risk profile and market developments and recommend appropriate changes to the Board for approval.

- 7.4.3. The Committee shall ensure periodic external and/or internal validation of model used for PRRBB, including review of key model assumptions.
- 7.4.4. The Committee shall ensure that stress testing program includes appropriate scenarios to measure the Group's vulnerability to loss under adverse profit rate movements, including but not limited to the impact of the banking book of a standardized profit rate shocks as prescribed by the Central Bank.
- 7.4.5. The Committee shall ensure that appropriate profit rate risk management systems are in place, which can effectively assess the effect of rate changes on both earning and economic value, address all material sources of profit rate risk and employ various simulation techniques.

7.5. Liquidity Risk

- 7.5.1. The Committee shall establish and periodically review the Group's liquidity risk management framework including limits, warning indicators, communication and escalation procedures.
- 7.5.2. The Committee shall establish and periodically review a forward-looking funding strategy and provides effective diversification in the sources and tenor of funding.
- 7.5.3. The Committee shall approve the Group's contingency funding plan and monitor adherence thereto.
- 7.5.4. The Committee shall establish and review a transfer-pricing framework commensurate with the Group's liquidity risk tolerance and complexity and review liquidity stress test.
- 7.5.5. The Committee shall ensure to continuously review the VaR, the liquidity management strategy and report compliance with the liquidity management strategy to the Board on a regular basis.

7.6. Market Risk

- 7.6.1. The Committee shall oversee the implementation of the Group's market risk strategy and Risk Governance Framework in order to identify, measure, evaluate, monitor, report and control or mitigate material sources of market risk in a timely manner.
- 7.6.2. The Committee shall ensure that an effective information system is in place for accurate and timely identification, aggregation, monitoring and reporting of market risk exposure.
- 7.6.3. The Committee shall, if applicable, establish and periodically review a trading book policy statement and monitor adherence thereto.

- 7.6.4. The Committee shall ensure that the Group has appropriate valuation process, methodology and measurement tools in place which uses consistent and prudent practices and reliable market data.
- 7.6.5. The Committee shall ensure periodic external and/or internal validation of model used for market risk management, including review of key model assumptions and review results of the validation assessment.
- 7.6.6. The Committee shall ensure an independent assessment of the Group's market risk measurement systems and the overall market risk management process is carried out at least annually and review results of such independent assessment.
- 7.6.7. The Committee shall ensure that appropriate policies and processes are in place for considering valuation adjustments for positions that otherwise cannot be prudently valued, including concentrated, less liquid and stale positions.
- 7.6.8. The Committee shall ensure that stress testing program includes appropriate scenarios to measure market risk as well as other Pillar 1 risks and any relevant Pillar 2 risks.

7.7. Country and Transfer Risk

- 7.7.1. The Committee shall oversee the implementation and periodically review policies and procedures for timely and comprehensive identification, measurement, monitoring and reporting on country and transfer risk in the Group's international funding, financing and investments, including intra-Group exposures.
- 7.7.2. The Committee shall ensure that the Group's stress testing program includes appropriate scenarios for country and transfer risks reflect potential shocks such as introduction of capital and exchange controls in relevant foreign jurisdictions, taking into account the impact of all exposures, domestic or cross-border, affected by such shocks.
- 7.7.3. The Committee shall ensure the appropriate information systems and processes are in place that enable accurate aggregation, monitoring and reporting of country and PRRBB exposures.
- 7.7.4. The Committee shall review results of the annual Bank-wide and Group-wide country risk analysis and any breaches to country and transfer risks exposure limits.
- 7.7.5. The Committee shall ensure that quarterly reports on country and transfer risks are submitted to the Central Bank in a timely and comprehensive manner.

7.8. Operational Risk

- 7.8.1. The Committee shall ensure that the Group has appropriate operational risk management strategies, policies and processes to identify, assess evaluate, monitor report and control or mitigate operational risk on a timely basis.
- 7.8.2. The Committee shall oversee the implementation of the operational risk governance framework and ensure it is fully integrated into the Group-wide Risk Governance Framework. This framework must include a risk appetite statement, which sets out the types and levels of operational risk the Group is willing to assume and which sets appropriate limits.
- 7.8.3. The Committee shall periodically review the operational risk management framework to ensure it is consistent with the Group's risk profile, systemic importance, risk appetite and capital strength, while taking into account market and macroeconomic conditions.
- 7.8.4. The Committee shall ensure that the Group's operational risk management processes and assessment systems are validated and independently reviewed on a regular basis and oversee implementation of recommendations/improvement opportunities arising as a result of such assessments/reviews.
- 7.8.5. The Committee shall ensure timely disclosure to the Central Bank of any significant deviation from the Board-approved operational risk appetite statement, policies or procedures as well as any material operational risks that have not been adequately addressed.
- 7.8.6. The Committee shall ensure that the Group has a strong control environment and that areas of potential conflict of interest are identified, minimized and independently (externally or internally) monitored and reviewed.
- 7.8.7. The Committee shall ensure that the Group's risk management control infrastructure is appropriate and keeps pace with the development of or changes to its PSI, activities, processes and systems.
- 7.8.8. The Committee shall ensure appropriate policies and procedures are in place for review and approval of new PSI, activities, processes and systems.
- 7.8.9. The Committee shall review the testing results of the business continuity plan at least annually.
- 7.8.10. The Committee shall approve and review, at least annually, the Group's operational risk strategies, policies and processes, including disaster recovery and business continuity plans.

7.8.11. The Committee shall establish a formal process to oversee Senior Management and ensure that the operational risk strategies, policies and processes are implemented effectively at all decision levels.

7.9. Information Security Risk

7.9.1. The Committee shall ensure that the Group has appropriate information technology policies, processes and systems in place to identify, assess, monitor, report and manage information technology risks and are in line with the strategic direction of the Group and applicable regulatory requirements, such as Information Assurance Standards published by NESAs.

7.9.2. The Committee shall ensure that the Group has appropriate information technology infrastructure to meet its current and projected business requirements under normal circumstances and in period of stress.

7.9.3. The Committee shall ensure that the responsibilities and authorities for information security are assigned and communicated to all Staff.

7.9.4. The Committee shall assess the adequacy of the integration of the information security requirements into the Group's processes.

7.9.5. The Committee shall ensure that adequate resources needed for information security are available.

7.9.6. The Committee, together with Senior Management, shall promote continuous improvement and ensure that the importance of the effectiveness of information security.

7.9.7. The Committee shall periodically assess IT, information security and cyber security related risks and recommend appropriate actions, if required.

7.10. Shari'ah Governance

7.10.1. The Committee shall supervise and monitor management of Shari'ah non-compliance risk, and set controls in relation to this type of risk, in consultation with the Internal Shari'ah Supervision Committee and through the Internal Shari'ah Control Division.

7.10.2. The Committee shall be responsible to review and approve the establishment of a framework for managing Shari'ah non-compliance risk as part of the overall Risk management framework of the Group, and shall oversee its implementation by the Senior Management.

7.10.3. The Committee shall ensure there is an information system that enables the Bank to measure, assess and report Shari'ah non-compliance risk. Reports shall be provided on

a timely manner to the Board and Senior Management, in formats suitable for their use and understanding.

- 7.10.4. The Committee shall review and approve the appointment and/or removal of the Head of Internal Shari'ah Control, and shall set their KPIs and undertake their annual performance assessment review.

For further details on the Committee's Shari'ah responsibilities, please refer to the Bank's Shari'ah Governance Framework.

7.11. General responsibilities

- 7.11.1. The Committee shall review any issues raised by the Audit Committee, the Executive Committee or the Bank's internal audit department that may impact the Group's risk management framework.
- 7.11.2. The Committee shall oversee the independence and integrity of the CRO and the Committee shall participate in their performance evaluation.
- 7.11.3. The Committee will promote awareness throughout the Bank of a risk-based culture that balances risk minimisation with reward for risks accepted.
- 7.11.4. The Committee will work with the Nomination, Compensation, HR & Governance Committee to structure a regular programme of risk management briefings for the Board as a whole, to advise all directors on the developments in risk management practices in the banking industry in general and in the Group in particular.
- 7.11.5. Following a proposal from the CEO, the Committee shall discuss matters to be brought to its attention for decision before the Board and prepare recommendations thereon.
- 7.11.6. The Committee shall obtain information and, where necessary, take decisions on all other matters presented for discussion by the CEO and on those matters submitted to it by lower level authorities in accordance with the relevant delegated authority policy.
- 7.11.7. The Committee shall review and provide guidance to the MEC on credit policies.
- 7.11.8. The Committee shall be responsible for monitoring continuous compliance with the large exposure limits set by the Central Bank and ensure timely reporting to the Central Bank of any breaches to such limits.
- 7.11.9. The Committee shall be responsible for the approval of all material outsourcing arrangements.

8. Publicly available information

- 8.1. The Committee's Terms of Reference shall be made publicly available, and updated as required, by posting the material on the Bank's website.
- 8.2. The Committee shall ensure that all disclosure requirements set by the BCBS frameworks are adhered to.
- 8.3. The following information shall be included in the Bank's corporate governance report:
 - 8.3.1. the names and details of the qualifications of the members of the Committee;
 - 8.3.2. the number of meetings of the Committee; and
 - 8.3.3. a description of the Committee's responsibilities and how the responsibilities were fulfilled.

9. Self-Assessment

The Committee shall annually conduct an evaluation of its performance, to be conducted as prescribed by the Nomination, Compensation, HR & Governance Committee of the Board, and the Committee itself.

10. Review and administration of the Terms of Reference

The Committee shall review this Terms of Reference on a regular basis and at least once every two years amend it, if and when required.

11. Applicable regulatory requirements

- The Central Bank's Corporate Governance Regulation & Standards for Banks (Circular No.:83/2019 dated July 18, 2019)
- The Central Bank's Risk Management Regulation & Standards (Circular No.:153/2018 dated May 27, 2019)
- The Central Bank's Regulation re Liquidity at Banks (Circular No.:33/2015 dated May 27, 2015)
- The Central Bank's Operational Risk Regulation & Standards (Circular No.:163/2018 dated August 29, 2018)
- The Central Bank's Market Risk Regulation & Standards (Circular No.:164/2018 dated August 29, 2018)

- The Central Bank's Interest Rate and Rate of Return Risk in the Banking Book Regulation (Circular No.:165/2018 dated August 29, 2018)
- The Central Bank's Interest Rate and Rate of Return Risk in the Banking Book Standards (Circular No.:165/2018 dated August 29, 2018)
- The Central Bank's Country and Transfer Risk Regulation & Standards (Circular No.:154/2018 dated May 27, 2018)
- The Central Bank's Internal Controls, Compliance and Internal Audit Regulation (Circular No.:161/2018 dated August 29, 2018)
- The Central Bank's Internal Controls, Compliance and Internal Audit Standards (Circular No.:161/2018 dated August 29, 2018)
- The Central Bank's Guidance re Capital Adequacy in the UAE dated June 2019
- The Central Bank's Standards re Capital Adequacy in the UAE dated June 2019
- The Central Bank's Regulation re Capital Adequacy (Circular No.:52/2017 dated February 23, 2017)
- The Central Bank's Guidance re Tier Capital Instruments dated March 29, 2019
- The Central Bank's Standards re Tier Capital Instruments dated March 29, 2019
- Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations Guidelines for Financial Institutions dated June 23, 2019
- The Central Bank's Board of Directors Decision No.:59/4/2019 regarding Procedures for Anti-Money Laundering and Combatting Financing of Terrorism and Illicit Organizations
- Decretal Federal Law No.14 of 2018 regarding the Central Bank & Organization of Financial Institutions and Activities
- Federal Commercial Companies Law - Law No.2 of 2015
- National Electronic Security Authority (NESA) UAE Information Assurance Standards
- The Securities & Commodities Authority Chairman's Resolution No. 03/RM of 2020 Regarding the Approval of the Public Joint-Stock Companies Governance Guide
- The Securities and Commodities Authority's Decision No. (3) of 2000 concerning the Regulations as to Disclosure and Transparency



- The Central Bank's Standard regarding Shari'ah Governance for Islamic Financial Institutions dated 3 May, 2020

These Terms of Reference are dated 1st September, 2022 and supersede any Board Risk Committee Terms of Reference or charter previously in force.