

THE BANK OF NOVA SCOTIA BERHAD

TERMS OF REFERENCE OF THE BOARD RISK MANAGEMENT COMMITTEE

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The Risk Management Committee of the Board of Directors (the “Committee”) has the responsibilities and duties as outlined below:

A. Mandate

1. To perform such duties as may be required by Bank Negara Malaysia;
2. To review credit, liquidity, operational and market risks. Also, as required by regulatory agencies, review, monitor and recommend to the Board for approval risk related policies, procedures and standards;
3. To review management’s periodic reports on risk exposure, risk portfolio composition and risk management activities;
4. To review and seek assurances related to adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively; and
5. To seek assurances that infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the licensed institutions’ risk taking activities.
6. Have oversight on the Bank’s capital management and ICAAP process.
7. To annually assess the performance of the Chief Risk Officer.
8. To review and recommend for Board approval, the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the financial institution’s risk profile¹
9. Oversee the implementation of the BNSB risk governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the operations;
10. To review and recommend for Board approval the recovery and resolution as well as business continuity plans for the financial institution to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
11. Ensure timely engagement with BNM on strategic and regulatory developments at the group level (BNS) that may significantly impact BNSB.
12. Assist in 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.

B. Duties

The Committee shall perform such other duties as may from time to time be assigned to the Committee by the Board.

C. Reporting

After each meeting of the Committee, the Committee is required to report to the Board on matters reviewed by the Committee at the next scheduled Board meeting.

D. Meetings

The Committee shall meet at least once every quarter.

¹ This would include initiatives which affect the financial soundness, reputation or key operational controls of the financial institution.

E. Composition

Structure

The committee shall comprise of:-

- (a) at least three directors;
- (b) have a majority of independent directors;
- (c) be chaired by an independent director; and
- (d) Comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the board committee.
- (e) BRMC must not have any executive director in its membership.

Appointment of Committee Chair

The Committee shall appoint from the Committee membership, a Chair for the Committee to preside at meetings. In the absence of the Chair, one of the other independent members of the Committee present shall be chosen by the Committee to preside at that meeting.

Quorum

A minimum of three (3) committee members (half of the Board members) is required to form a quorum in respect of the meeting.

Secretary and Minutes

The Secretary shall act as Secretary of the Committee.

Minutes of meetings of the Committee shall be recorded and maintained by the Secretary and subsequently presented to the Committee and to the Board, if required by the Board.