



Terms of Reference for the Board Risk Management Committee ("Committee" or "BRMC")

Deutsche Bank (Malaysia) Berhad
(As of January 30, 2024)

1. Scope and responsibilities

1.1 Mission

The Committee was first established by the Local Board of Directors ("Delegating Person").

Its mandate is:

- To oversee Senior Management's activities in managing market, credit, liquidity, operational, legal and other risks to ensure that DBMB's corporate objectives are supported by a sound risk strategy and an effective risk management framework, that is appropriate to the nature, scale and complexity of its activities and the internal risk control, risk management process is in place and functioning; and
- To provide effective oversight of Senior Management's actions to ensure consistency with the risk strategy and policies as approved by the Board, including the risk appetite framework.

The Chairperson is empowered by the Delegating Person to set up the structure of the Committee, incl. membership, taking into account its aim and its tasks as set forth herein.

1.2 Tasks and responsibilities

The Committee is tasked by the Delegating Person with the following tasks and responsibilities:

- To review and recommend the overall risk management strategies, policies and risk appetite framework for Board's approval;



- To review and assess adequacy of risk management policies and frameworks including but not limited to technology-related matters, in identifying, measuring, monitoring and controlling risk and the extent to which these policies are operating effectively;
- To ensure 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 institution's risk taking activities;
- To review management's periodic reports on market risk exposure, specific risk portfolio composition and risk management activities is supported by overall adequacy of capital and liquidity buffers of DBMB;
- Review minutes of the Malaysia Management Committee, Malaysia Operating Council and Assets and Liabilities Committee meetings to be made aware of the business activities of DBMB and that the organisation units are operating within the parameters of DBMB's risk appetite framework for specific types of risks;
- Review minutes of the Malaysia Risk Council ("MYRC") meetings and credit and new product/product variation recommendations including compliance with legal and regulatory requirements;
- Review minutes of Shariah Committee meetings to be made aware of the Islamic Banking business operations and provide oversight on the overall compliance with Shariah;
- To ensure Senior Management monitors and control DBMB's risk and is consistent with approved strategies and policies as approved by the Board;
- To provide oversight and advice to the Board on the current market risk exposures of the licensed institution and future risk strategy; To review information on the key exposures and the associated risk tolerance of DBMB and provide high level information on the scope and outcome of any stress-testing programme to the Board; and
- In assisting 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 Nominating and Remuneration Committee.

2. Membership

2.1 Chairperson and Vice-chairperson

The Board appointed Chairperson for the BRMC will act as Chairperson of the Committee.

The Board appointed Vice-chairperson for the BRMC will act as Vice-chairperson of the Committee. In the Chairperson's absence or upon the Chairperson's request, all roles and responsibilities as defined herein shall be delegated to the Vice-chairperson.

The Committee should be chaired by an independent director.

2.2 Further Members with voting rights

The BRMC shall comprise only non-executive directors (except where approved by Bank Negara Malaysia).



The Board shall nominate a minimum of three Members, of which majority should be independent directors.

Further Members with voting rights, together with the Chairperson and the Vice-chairperson (as applicable) the "Voting Members", are listed in Annex 1.

2.3 Members without voting rights

The Committee has no Non-voting Members

2.4 Guests / Advisors

The Chairperson of the Committee may allow guests to join a particular meeting of the Committee or parts of it, provided there is due justification.

2.5 Membership size

The Committee should not have at any time less than three Members.

2.6 Maximum Tenure

The maximum tenure of independent directors / Members of the Committee shall be capped at 9 years, subject to the approval by the Board and Bank Negara Malaysia.

2.7 Deputies and Delegates

Deputies and Delegates, i.e. permanent representatives, of Members are not accepted.

2.8 Member Selection

The Chairperson is responsible for the Committee composition and has to ensure appropriate representation of expertise required to fulfil the committee's mandate and regulatory requirements.

Changes to the membership trigger a general review of the terms of reference ("ToR") in accordance with section 8.

2.9 Qualifications

All Members must have the appropriate expertise to sit on the Committee. Should Members have any doubt on this point, they must promptly notify the Chairperson who shall take appropriate measures.

2.10 Conflict management

All Members must promptly notify the Chairperson should they believe their involvement with a particular issue may fairly give rise to an actual or perceived conflict of interest. If the Chairperson agrees that an actual or perceived conflict is likely to exist, the Chairperson shall decide whether the Member affected is in a position to attend the meeting, while abstaining from discussing the respective issue and / or the decision-making process or whether the respective Member shall leave the meeting (or video conference or call), while discussion of the issue takes place. As to potential conflicts involving the Chairperson, the same process shall apply except that the Chairperson shall appropriately consider and weigh the facts potentially leading to a conflict together with the Vice-chairperson and on that basis decide whether he / she is in a position to attend the respective meeting and / or to discuss or vote the respective issue.



3. Secretary

The Chairperson shall appoint a Secretary of the Committee who must not be a Member but has the responsibility for, among other things, preparing and coordinating the meetings, including information of Committee Members in case decision shall be taken outside of scheduled meetings (see section 4.3), timely distribution of documents (see section 6.2), taking minutes (see section 6.3), maintaining a log of actions / issues, reporting to the Committee on any open action items and following up with Members on any deliverables (see section 6.6). The Secretary shall also be responsible for ensuring the retention of all key committee documents, including agendas, minutes, log of actions / issues and an appropriate usage of relevant governance tools.

The appointment and removal of the company secretary must be approved by the Board.

4. Decision-making procedures

4.1 Quorum

Decisions of the Committee shall only be taken if the Chairperson on duty and at least 50% of the remaining Voting Members are deemed present in accordance with section 5.3 or have participated in the decision-making process in accordance with section 4.3.

No decisions shall be made without the quorum being reached. Non-quorate meetings held may only serve information sharing and decision-preparing purposes.

4.2 Majority requirements

Decisions of the Committee are taken by a majority of the votes cast.

4.3 Decision-making

Decisions may be taken during scheduled meetings (see section 5.1). At the discretion of the Chairperson, decisions may also be taken using a different process (e.g. electronically by email circular, by telephone or by using equivalent technical means).

Voting Members can abstain from voting in particular if preparatory documents are not distributed in a timely manner prior to the meeting in accordance with section 6.2. Alternatively, the Chairperson may decide to postpone the relevant agenda item. Both scenarios have to be reflected in the minutes.

4.4 Veto rights

The Chairperson has the right to veto any decision of the Committee until the minutes of the meeting are final, provided that the decision has not yet been executed or consequences have become irrevocable. In case of an urgent decision which cannot be delayed, the veto right of the Chairperson can only be exercised during the meeting.



The responsibility for a decision vetoed, an appropriate follow-up and closure of the issue lies with the Chairperson.

If the Chairperson vetoes a decision which had received positive votes of at least 75% of the Voting Members, the veto of the Chairperson will cause the matter to escalate to the Delegating Person or (in case the Delegating Person and the Chairperson are identical) the responsible person whose direct report the Chairperson is. Section 6.5 applies accordingly.

If the Chairperson, on behalf of the Committee, exercises a veto right, because a decision / declaration of intent notified by a business division or infrastructure function creates a material risk for DBMB, such veto provides for an interim stop of the decision and causes the matter to escalate to the responsible person whose direct report the Chairperson is, as well as to the delegating person of the person / decision making body that notified the decision / declaration of intent.

- 4.5 Procedure in the event of a tie
In the event of a tie, the vote of the Chairperson decides.

5. Meetings

- 5.1 Frequency
The BRMC shall hold regular meetings, at least once every quarter and should report regularly to the Board.
- 5.2 Length of meetings
Meetings should have a maximum length of three hours. The Chairperson may allow an extension to the permitted meeting length in exceptional cases.
- 5.3 Attendance
Members must attend at least 75% of the board meetings held in each financial year.

Attendance by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.

6. Committee operations

- 6.1 Agenda
The Members will forward to the Secretary any issues which they want to be subject to discussion and / or decision at the next meeting. The Chairperson shall set the agenda for each meeting taking into account the issues communicated by the Members or other interested parties as well as any other issues the Chairperson deems relevant. A written agenda will be made available to the Members (and other attendees, as the case may be) in advance of each meeting in accordance with section 6.2.



6.2 Submission of documents

To ensure a sufficient preparation time, the meeting agenda and other documents prepared for the meeting should be distributed at least (considering the volume of documents) at least five calendar days in advance of the meeting to the Members (and to the other attendees, as the case may be). The Chairperson may grant exceptions to this requirement in case of extraordinary ad-hoc meetings or in case Committee operations, including decisions, require latest information. In any case, the Members must be given reasonable time to review the documentation, Section 4.3 para 2 applies accordingly.

6.3 Minutes

The Secretary shall take written minutes of each meeting. Such minutes shall include the names of each attendee, all decisions taken and the major discussion points.

In drafting minutes, the Secretary takes special care that minutes are accurate and complete, contain no unnecessary information, and are appropriate for potential disclosure.

6.4 Notification, Information and Periodic Reports

The Chairperson ensures that notice of any decision, decision preparation or declaration of intent with a material impact on (the decision-making of) other committees, position holders or functions are provided to whom it may concern, in a timely manner through a designated Member. The notification obligation shall be minuted accordingly.

6.5 Escalation process

The Chairperson ensures that issues the Committee cannot resolve, issues that remain to be decided as a consequence of a veto in accordance with section 4.4 or issues that need ratification are escalated to the higher instance latest within one month of the day the issue occurred. Escalated issues shall be clearly referred to in the minutes and addressed in the log of actions / issues.

Section 4.4 remains unaffected.

6.6 Tracking of open issues

The Secretary is responsible for tracking open issues to ensure closure. In order to ensure that all Members of the Committee are aware of the status, the Secretary will distribute the updated open issue list together with the finalized minutes (see section 6.3).

As a rule, meeting agendas should include updates as to progress on open issues.

6.7 Role of the Chairperson

The Chairperson represents at all times within the scope of which the Committee is established. The Chairperson is accountable within the Committee with regards to organization of the procedures, tracking of tasks and communication with the Delegating Person. The responsibility of all Members for the appropriate performance of their tasks remains unaffected.

Among other things, the Chairperson must:

- ensure that decisions are taken on a well-informed and sound basis;



- encourage critical discussion and welcome dissenting views (constructive challenge);
- take steps to foster a culture where Members and guest are encouraged to raise concerns without fear of reprisal; and
- ensure compliance with these ToR and relevant policies.

7. Efficiency evaluation

The Chairperson ensures that the Committee regularly evaluates the efficiency of its activities.

8. Review of Terms of Reference

The ToR and the composition of the Committee are reviewed by the Chairperson together with the Secretary on an annual basis or if required due to current developments and amended where necessary in accordance with section 2.8.

All changes to the ToR shall be addressed to Global Governance at the earliest opportunity.

Other changes to the ToR can be made by the Chairperson in accordance with the provisions of these ToR.



Annexes

Annex 1: List of BRMC Members and Secretary

Member name
Chairperson
Madam Koid Swee Lian
Vice Chairperson
Mr Chong Kin Leong
Member
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Secretary
Mr Prasad Poojary