PUBLIC FINANCE LIMITED

Risk Management Committee of the Board

Terms of Reference

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1. Members of the Committee

The Committee shall be appointed by the Board of Directors (the "Board") from amongst the Non-Executive Directors of the Company and shall consist of not less than three members. A majority of the Committee members shall be Independent Non-Executive Directors.

2. Chairman

The Chairman of the Committee shall be appointed by the Board and must be an Independent Non-Executive Directors with a background in accounting, banking or other relevant financial industry or expertise in risk management. The Chairman of the Committee should not be the chairman of the Board or any other committees. In the absence of the Chairman of the Committee, the Directors present shall elect one of themselves to chair the meeting.

3. Secretary

The Company Secretary or the designated personnel from Company Secretarial Department of Public Bank (Hong Kong) Limited, or in his/her absence, Head of Risk Management Department shall be the Secretary of the Committee.

4. Quorum

To constitute a quorum, at least half of the members must be present, and more than 50% shall be independent directors including the Committee Chairman.

5. Authority

a. The authority of the Committee is delegated by the Board.

b. To enable the Committee to carry out its duties and responsibilities, the Committee is authorised to:

   i) Have full and unrestricted access to any information and documents pertaining to the Company;

ii) Seek any information relevant to its activities from employees;

iii) To seek independent skilled professional third party views or advice on matters within its purview;

iv) Have sufficient support and be provided with appropriate resources to investigate any matter within the Committee's mandate; and

v) Request the attendance of any employee at meetings of the Committee, as and when required.

6. Functions

a. To oversee that the Company's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, size and complexity of its activities.

b. To provide effective oversight on senior management's actions having considered the Board approved risk appetite, risk strategy and policies.

c. To oversee the overall management of all risks covering market risk management, liquidity risk management, credit risk management, operational risk management, cyber security risk management, climate-related risk management and compliance risk management.

d. To review and approve major risk related policies and major risk tolerance limits which have potential material impact on risk profile and financial position at company-wide level, and to table to the Board for noting subsequently.

e. To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.

f. To review and oversee management's periodic reports on risk exposure, risk portfolio composition and risk management activities are effective for reporting risk developments to the Board and senior management.

g. To assist the Board in overseeing the recovery and resolution and business continuity plans to restore the Company's financial strength, and maintain or preserve critical operations and critical services when they come under stress.

h. To evaluate risks under stress test scenarios.

i. To review emerging risks and results of comprehensive risk assessment.

j. To provide effective oversight that infrastructure, resources and systems had put in place for compliance assessment and risk management i.e. overseeing that the staff responsible for implementing risk management systems perform those duties independently of the risk taking activities.

k. To provide effective oversight on the cultivation of a proactive risk management culture so that risk management processes are applied in the day-to-day business and activities.

l. To note, review and discuss reports of the Assets and Liabilities Management Committee (ALCO), Credit Committee (CC), Operational Risk Management Committee (ORMC), Anti-Money Laundering Committee and Compliance Working Group, Internal Capital Adequacy Assessment Process Working Groups, and compliance reports.

m. To review and approve the compliance plan and be satisfied that the compliance function is adequately resourced and has appropriate standing within the Company.

n. To approve policies and methodologies in assessing the compliance profile.

o. To review and concur with the revision of the compliance policy and to oversee its implementation.

p. To provide oversight on the overall compliance with applicable laws and regulations, pertinent internal policies and regulatory approved limits.

q. To review the updates on regulatory trends and requirements.

r. To approve the appointment, resignation or dismissal of the Head of Compliance Department and Head of Risk Management Department, and evaluate their performance and remuneration.

s. To understand the Company's operational and organisational structure and the risks it poses and is satisfied that it is not overly complex or opaque such that it hampers effective risk management.

t. To provide effective oversight on the suitability of the Public Bank Berhad ("PBB")

Group's approaches and methodologies prior to adoption, having regard to the context of the local environment and operations of the Company.

u. To escalate to the PBB's Risk Management Committee views of any material risks in the Company and issues that might affect the PBB Group.

v. To support the Board in its implementation of a sound remuneration system by examining whether the incentives provided by the remuneration system takes into consideration risks, capital, liquidity and the likelihood of earnings without prejudice to the tasks of the Nomination and Remuneration Committee.

w. To coordinate with Audit Committee to understand how the internal audit work plan and compliance work plan are aligned with the risks that have been identified so as to obtain assurance that the identified risks are managed in an integrated manner.

x. To establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.

7. Frequency of Meetings

Meetings shall be held generally six times a year or as and when needed.

8. Voting Requirements

Decision arising at any meeting shall be decided by a majority of votes. In case of a tie in voting, the Chairman shall have a second or casting vote.

9. Reporting Procedures

The minutes of the Risk Management Committee shall be tabled to the Board for noting and discussion.

10. Accountability

The Board has overall responsibilities for the design and development of the risk management framework and be satisfied that the framework is effective for controlling risk-taking activities and in line with the approved risk appetite.

The Committee supports the Board in carrying out its risk management roles and responsibilities as delegated and authorised by the Board.