



EMIRATES ENBD BANK PJSC

Terms of Reference of the Board Risk Committee

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1. Definitions

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

“Bank”	means Emirates NBD Bank PJSC;
“Board”	means the Board of Directors of the Bank;
“BCBS”	means Basel Committee on 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 and the Securities & Commodities Authority (SCA) Public- Joint-Stock Companies Governance Guide (and their amendments from time to time);
“Committee”	means the Board’s Risk Committee;
“Chairman”	means the Chairman of the Committee;
“Director”	means a member of the Board;
“GCAO”	means the Group Chief Audit Officer of the Bank;
“GCCO”	means the Group Chief Compliance Officer of the Bank;
“GCEO”	means the Group Chief Executive Officer of the Bank;
GCFO	means the Group Chief Finance Officer of the Bank;
“GCRO”	means the Group Chief Risk Officer of the Bank;

“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 Regulations;
ICAAP”	means Internal Capital Adequacy Assessment Process;
“KPIs”	means Key Performance Indicators;
“EXCO”	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;
“PSIs”	means products, services, and initiatives;
“RAS”	means the Bank’s Risk Appetite Statement. It is an articulation of the risk that the bank is willing to accept, underwrite, and/or be exposed to in the normal course of its business conduct and is established, reported and monitored at a Group level.
“GRMF”	means the Group Risk Management Framework through which the Board and Senior Management establish and make decisions about the Group’s risk management approach including the identification, measurement, control, and reporting of 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;

2. Purpose

- 2.1. The purpose of the Committee is to enable the Board to fulfil its responsibilities in accordance with applicable regulations and in relation to the oversight of:
- 2.1.1. the alignment of the Group's strategic objectives with its risk profile and risk appetite;
 - 2.1.2. the development and implementation of the GRMF and adequate policies, procedures, processes, systems and controls
 - 2.1.3. management of risk measurement and pricing models, tools and monitoring of the effectiveness of such tools;
 - 2.1.4. compliance with regulatory requirements relating to risk management;
 - 2.1.5. the Group's public reporting on risk management matters; and
 - 2.1.6. 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, Remuneration and ESG 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 and the majority of its members shall be Independent Directors and collectively have experience in risk management issues and practices. 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 GRMF.
- 3.3. The members of the Committee shall elect from among its members a Chairman who shall be an Independent Director and 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.

- 3.4. 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, provided that such appointment does not compromise the Corporate Governance Regulation's independence requirements.
- 3.5. A member of the Committee who wishes to retire or resign should provide sufficient written notice to the Committee so that a replacement may be appointed in a reasonable timeframe. In the event of any vacancy in the Committee due to retirement or resignation, the Committee shall fill the vacancy not later than three (3) months.
- 3.6. The GCEO and GCRO shall be the only permanent invitee from Senior Management to attend the Committee's meetings. The GCEO / GCRO may, with the agreement of the Committee's Chairman, invite members of the Senior Management and Staff, or third parties, to attend certain items being presented.
- 3.7. Other Attendees may include GCFO, GCCO and GCAO.

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 GCRO, 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 Company Secretary shall develop the agenda for each Committee meeting for approval by the Chairman, with the contribution from the GCRO and, where appropriate, other members of Senior Management, and circulate it to all members of the Committee at least seven [7] days 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.
- 4.1.4. The Committee may meet with the Audit Committee and the Executive Committee, as and when required to ensure effective exchange of information regarding the Group strategy and strategic priorities and effective coverage of all risks.

4.2. Resolutions

- 4.2.1. Resolutions of the Committee shall be adopted by a majority of votes of members present. 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.
 - d) Non-members attending the meeting will not have voting rights. Moreover, voting by proxy shall not be considered
- 4.2.3. Decisions taken and resulting action points shall be promptly communicated to the relevant Executive or Senior Management stakeholders along with deadlines and reporting expectations.

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 Bank's Board Secretariat department 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 risk, legal, accounting, or other matters, to the extent it deems necessary or appropriate.

7. Responsibilities

7.1 General Responsibilities

7.1.1 The Committee shall review any issues raised by the Audit Committee, the EXCO or the Bank's internal audit department that may impact the GRMF.

7.1.2 The Committee will work with the Nomination, Remuneration and ESG Committee to structure a regular program 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.

7.2 Risk Governance Responsibilities

7.2.1 The Committee shall oversee the development, periodic review and implementation of a

comprehensive group-wide risk governance framework (including policies, processes, procedures, risk management systems and controls) while considering the Group's risk profile, nature, size and complexity of its business and structure.

- 7.2.2 The committee shall review and approve the Group RAS including limits for all relevant risk categories and risk concentrations, and advise the Board on overall risk strategy, risk appetite and risk tolerance.
- 7.2.3 The Committee shall review and approve Quarterly Risk Report.
- 7.2.4 The Committee shall ensure and oversee that the authorities for the approval of the Group's policy documents, risk measurement systems, model risk management aspects and other risk controls are delegated appropriately in line with the GRMF.
- 7.2.5 The Committee shall oversee the identification, measurement, evaluation, monitoring, reporting and control or mitigation of all material sources of risks as defined in the GRMF on a timely and comprehensive manner and provide to the Board with a solo and Group-wide view of all material risks.
- 7.2.6 The Committee shall ensure that the Group has information systems 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, PSIs and counterparties.
- 7.2.7 The Committee shall oversee material risks arising from new PSIs, or material modifications to existing PSIs, from strategic or major operational initiatives, such as changes in systems, business models, acquisitions, or from third party relationships, including outsourcings. The Committee shall approve all material outsourcing arrangements and material modifications thereof from a risk perspective.
- 7.2.8 The Committee shall ensure a process is in place for reviewing and approving the use of models and ensuring ongoing monitoring and periodic validation of models, in line with relevant regulations and guidance.
- 7.2.9 The Committee shall review the status of model management on an annual basis.
- 7.2.10 The Committee shall support the Board in establishing the Group's corporate and risk 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.
- 7.2.11 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.
- 7.2.12 The Committee shall, regularly provide input to the Board Nomination, Remuneration and ESG Committee on remuneration and compensation matters as and when required (from

a risk, capital, liquidity and the likelihood and timing of earnings perspective.

- 7.2.13 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 Division¹.
- 7.2.14 The Committee shall recommend to the Board the appointment and/or removal of the GCRO, and shall set their yearly KPIs and undertake their annual performance assessment review.
- 7.2.15 The Committee shall ensure that the GCRO shall be given the right of direct access to the Chairman of the Board and to the Committee.
- 7.2.16 The Committee shall ensure that the risk management function has adequate resources and access to information to enable them to perform their functions effectively as well as ensure it is independent and free from any extraneous restrictions that could be detrimental in the execution of its functions.
- 7.2.17 The Committee shall review the Group's compliance with applicable laws and regulations relating to risk management (including regulatory limits), including the Group's preparedness for developments and advances in the regulatory landscape in the markets in which it operates.
- 7.2.18 The Committee shall oversee the management of risk in subsidiaries and international branches of the Group.

7.3 Risk Management Responsibilities

- 7.3.1 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.
- 7.3.2 The Committee shall review reports and communication from the GCRO and other relevant functions about the Group's current risk profile (including but not limited to credit risk, market risk, concentration risk, capital risk, operational risk, environmental and social risk), current state of the risk culture, utilisation against the established risk appetite and limits, limit breaches and mitigation plans.
- 7.3.3 The Committee shall oversee the establishment of an effective process for exception monitoring and reporting and shall review reports on any breaches of regulatory and internal risk limits and assess the adequacy of proposed actions, including notifications to the Central Bank in case of significant breaches to the RAS, 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 GCRO in case the Committee cannot

¹ For further details on the Committee's Shari'ah responsibilities, please refer to the Bank's Shari'ah Governance Framework

meet at a short notice.

- 7.3.4 The Committee shall review the Group's Internal Capital Adequacy Assessment Process (ICAAP) and report and approve the submission of the ICAAP report to the regulator.
- 7.3.5 The Committee shall ensure that the Group's stress testing program addresses Pillar 1 and Pillar 2 risks given the nature of its business and shall periodically review stress scenarios and stress test program results.
- 7.3.6 The Committee shall ensure the Group has policies and limits for the trading book.
- 7.3.7 The Committee shall establish and periodically review a forward-looking funding strategy that provides effective diversification in the sources and tenor of funding as well as a contingency funding plan and monitor adherence thereto.

8 Disclosure

- 8.1 The Committee shall review with management and approve or, if appropriate, recommend for approval by the Board before the Bank publicly discloses the following information:
 - a) the statements and financial information on risk management, before they are approved by the Board;
 - b) management's discussion and analysis relating to risk management contained in the annual report and the interim financial statements, including statements on the Bank's compliance with regulatory requirements in respect of risk management; and
 - c) all risk management information in material public disclosure documents including press releases, prospectuses and other public offering documents.

9 Publicly available information

- 9.1 The Committee's Terms of Reference shall be made publicly available, and updated as required, by posting the material on the Bank's website.
- 9.2 The Committee shall ensure that all disclosure requirements set by the BCBS frameworks are adhered to.
- 9.3 The following information shall be included in the Bank's annual report:
 - a) the names and details of the qualifications of the members of the Committee;
 - b) the number of meetings of the Committee; and
 - c) a description of the Committee's responsibilities and how the responsibilities were fulfilled.

10 Self-Assessment

The Committee shall annually conduct an evaluation of its performance, to be conducted as

prescribed by the Nomination, Remuneration and ESG Committee of the Board, and the Committee itself.

11 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 an amend it, if and when required.

These Terms of Reference are dated 25, October, 2023 and supersede any Board Risk Committee Terms of Reference or charter previously in force.