

CORPORATE GOVERNANCE REPORT

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

BOARD

The Board leads the conduct of affairs and provides sound leadership to the executives of the Bank. It sets clearly defined policies and the Bank's risk appetite, which are then conveyed to the executives via their

delegated authorities to facilitate them to oversee the course of actions of the business. Additionally, the Board ensures that risks are being properly detected, managed and mitigated.

BOARD SUB-COMMITTEES AND EXECUTIVE MANAGEMENT

The fundamental responsibility of the Risk Committee ("RC") is advising the Board on the Bank's overall current and future risk appetite, overseeing senior management's implementation of the Risk Appetite Statement ("RAS"), reporting on the state of risk culture in the Bank and interacting with and overseeing the Head of Risk.

Internally, the Bank has established an Assets and Liabilities Committee ("ALCO") and an Impairment Committee ("IMC") that both report to the Risk Committee on their operations.

The duties of RC includes oversight of the strategies for capital and liquidity management as well as for all relevant risks of the Bank such as credit, market, operational and reputational risks, to ensure they are consistent with the stated risk appetite, all in compliance with BOM's guidelines and policies approved by the Board. In addition, the Risk Committee is responsible to ensure that the Bank maintains satisfactory liquidity and solvency ratio at all times. The Committee receives regular reporting and communication from the Head of Risk and other relevant functions about the Bank's current risk profile, current state of the risk culture, utilization against the established risk appetite and limits, limit breaches and mitigation plans.

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RISK MANAGEMENT

The independent risk management function is a key component of the Bank's second line of defense. The risk management function, through its various clusters, monitors risk-taking activities and risk exposures in line with the Board-approved risk appetite, risk limits and corresponding capital or liquidity needs (i.e. capital planning).

Such autonomy is an essential component of an effective risk management function, as is having access to all business lines that have the potential to generate material risk to the Bank as well as to relevant risk-bearing subsidiaries. It also maintains its objectivity by being independent of operations and the Head of Risk have, without impediment, direct access to the Risk Committee chairperson/members.

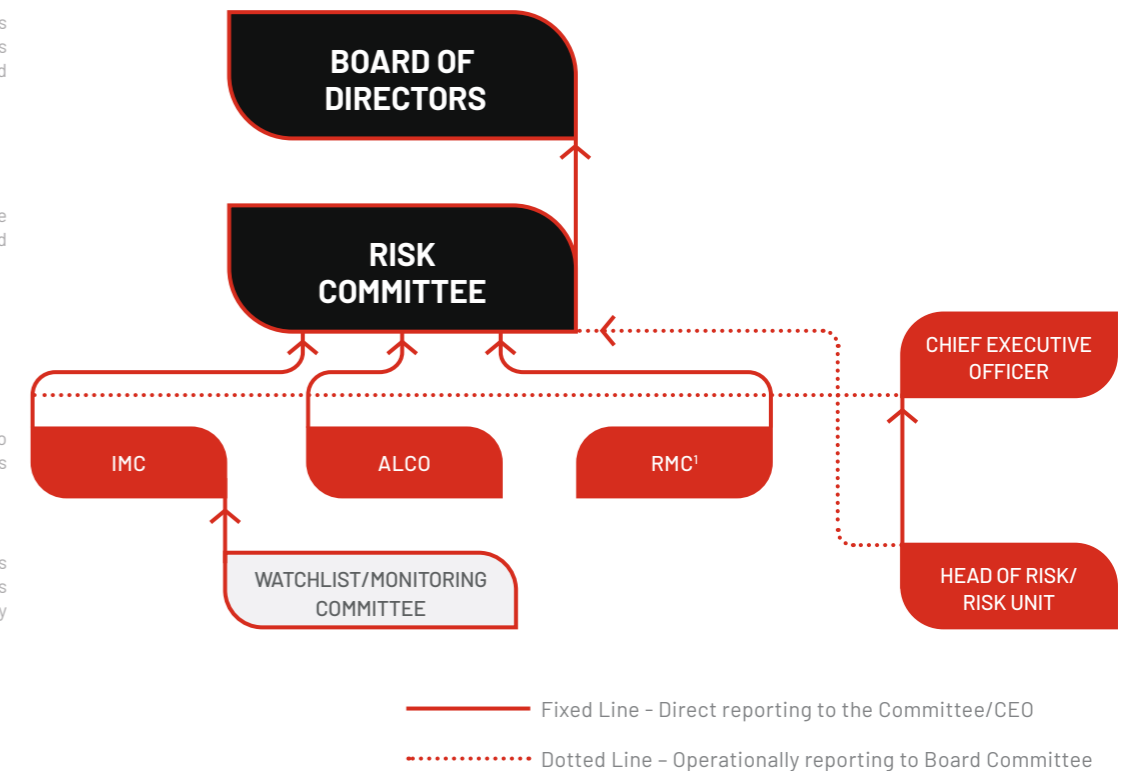
While it is common for risk management division to work closely with the various business units, the risk function remains sufficiently independent of the business units and is not involved in revenue generation.

The Board sets policies and is responsible to ensure that risks are being accounted and migrated properly.

The RC oversees the risk appetite and tolerance of the Bank and ensures that they are adhered.

IMC approves and recommends to BRC staging movements of clients and provisioning level.

Risk Unit creates, implements and maintains the risk practices across the Bank on a day-to-day basis.



¹ Risk Management Committee

The complete Risk Management Report is set out on pages 104 to 136 of the Annual Report.

CORPORATE INTEGRITY AND WHISTLE BLOWING POLICY

The Bank has established a Corporate Integrity and Whistle Blowing Policy to promote an atmosphere of honesty and to encourage employees to conduct themselves in the best interests of the Bank. The applicability of this policy attaches itself to all the employees of the Bank irrespective of their locational, contractual and probational nature.

A copy of the Corporate Integrity and Whistle Blowing Policy is available on the Bank's website:

(<https://www.afriasiabank.com/media/3190/corporate-integrity-and-whistle-blowing-policy.pdf>)

