



**Terms of Reference of the Risk Committee of  
Shanghai Commercial Bank Limited**

**1 Objective**

The Risk Committee (the “Committee”) is responsible for the oversight of and advice to the Board of Directors (the “Board”) of Shanghai Commercial Bank Limited (the “Bank”) on high-level risk related matters and risk governance, within the framework of the Bank’s policies, its terms of reference and such other directives as the Board may determine from time to time.

**2 Composition**

2.1 The Chairman and members of the Committee shall be appointed by the Board. All Committee members shall be Independent Non-executive Directors and/or Non-executive Directors.

2.2 The Committee shall consist of not less than three members, the majority of whom shall be Independent Non-executive Directors.

2.3 The Committee shall be chaired by an Independent Non-executive Director.

2.4 The tenure limit of Committee member for serving on the Committee shall be the tenure of office of that member serving as Director on the Board or subject to the decision of the Board from time to time.

**3 Secretary**

The Corporate Secretary shall be the secretary to the Committee.

**4 Attendance at meetings**

4.1 The Chief Executive, the Chief Risk Officer and the Chief Financial Controller shall attend the Committee meetings.



4.2 The Chairman may invite any Director(s) or staff of the Bank or external consultant(s) to attend any meeting(s) of the Committee from time to time upon such conditions if deems necessary.

## **5 Frequency of meetings and quorum**

5.1 The Committee shall meet at least 4 times a year at approximately quarterly intervals or more frequently as the Chairman of the Committee may determine.

5.2 The quorum for the Committee meeting is two members.

## **6 Proceedings of Meetings**

6.1 The meetings and proceedings of the Committee shall be governed by the provisions for regulating the meetings of the Board as stipulated in the Articles of Association of the Bank insofar as those provisions are applicable and are not replaced by any regulations imposed on the Committee by the Board.

6.2 A written resolution signed by all the Committee members shall be as valid and effectual as a resolution passed at a meeting of the Committee duly convened and held.

## **7 Authority**

7.1 The Committee is authorized by the Board to oversee and review the Bank's risk management framework through acting within its terms of reference for a strong risk culture.

7.2 The Committee may request relevant parties to render assistance in pursuance of its duties, and may delegate its authority and duties within its terms of reference to the relevant parties in carrying out the duties and roles as it shall deem necessary and appropriate.

7.3 The Committee shall be provided with sufficient resources to perform its duties. It is authorized by the Board to obtain external legal or other independent professional advice at the Bank's expense to discharge its responsibilities as it shall deem appropriate.



## 8 Duties and Responsibilities

The duties and responsibilities of the Committee are:

- 8.1 to oversee and review various aspects of risk management on a holistic basis, and review regularly the major risk exposures of the Bank including but not limited to credit risk, market risk, operational risk, interest rate risk, liquidity risk, legal, regulatory and compliance risk, strategic risk, reputational risk, technology risk (including information security risk, cyber security risk and e-banking risk) and any other material risks which the Bank may expose to from time to time;
- 8.2 to review and recommend for the Board's approval on the risk management framework and strategy, covering the risk profile, limits, tolerance and risk appetite (including the Risk Appetite Statement) of the Bank;
- 8.3 to review and assess regularly the adequacy and effectiveness of the Bank's risk management framework and systems, including policies in identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating major and/or material risks faced by the Bank, and ensure that they are effectively implemented and maintained by the management of the Bank;
- 8.4 to review, endorse or approve high-level risk-related policies of the Bank;
- 8.5 to review the terms of reference of the Committee and other key specialized committees established under the Board, including Asset and Liability Committee, Credit Committee and Operational Risk Management Committee, and recommend any necessary changes for the Board's approval;
- 8.6 to ensure appropriate infrastructure, resources and systems are in place for risk management;
- 8.7 to ensure that the staff members of the Bank responsible for implementing risk management systems and controls perform those duties independently of the Bank's risk taking activities;



- 8.8 to regularly communicate with the Chief Risk Officer of the Bank, at least annually, in the absence of executive Board members and senior management, on risk management issues;
- 8.9 to review and advise the Board and/or the Remuneration Committee on alignment of remuneration to the Bank's risk culture and risk appetite;
- 8.10 to review and discuss the material regulatory requirements and/or comments of the regulators on the risk management related issues concerning the Bank, and ensure appropriate follow-up actions have been taken and in a timely manner to address the requirements and/or control deficiencies as identified by the regulators;
- 8.11 to review the robustness of the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") and the capital planning on an annual basis and approve the methodology used in the ICAAP;
- 8.12 to review the results of stress-testing for the major risk exposures of the Bank and the assessment on the capability to withstand the stressed conditions in terms of profitability, capital adequacy and liquidity, and initiate/endorse appropriate actions to be taken by the management to mitigate the potential impacts, if necessary;
- 8.13 to oversee the recovery/resolution planning of the Bank, including without limitation perform the duties as set out in the Recovery/Resolution Plan of the Bank;
- 8.14 to receive and review periodic reports on risk culture, exposure and risk management activities of the Bank;
- 8.15 to receive and review independent security assessment reports on the emerging and existing e-banking services of the Bank;
- 8.16 to consider other topics, as defined and assigned to the Committee by the Board.



上海商業銀行  
SHANGHAI COMMERCIAL BANK

## **9 Reporting procedures**

- 9.1 The Committee shall report regularly to the Board on its decisions and recommendations.
- 9.2 Minutes of the Committee meetings shall also be sent to all members of the Board.

## **10 Frequency of review**

These Terms of Reference shall be reviewed at least annually and as required.