

RISK MANAGEMENT DECLARATION

1. RISK MANAGEMENT

1.1 Introduction and Overview

Risk management is fundamental to the long-term profitability and survival of the Company. The Company manages risk through a continuous process of identifying, measuring and controlling risks inherent in its operations.

1.2 Categories of Risk

Risk is inherent in every material business activity of the Company. The nature of the Company's operations exposes it to the following risks:

- » Credit Risk; » Compliance Risk;
- » Liquidity Risk; » Operational Risk;
- » Market Risk » Reputational Risk

1.3 Risk Management Framework

The nature of the Company's operations exposes it mainly to liquidity, credit, market, operational, and reputational risks. To ensure that the Company takes only measured risks, the Company has integrated effective risk management in its daily business activities, processes and procedures.

The Company has established a comprehensive risk management framework for managing the risks inherent in its operations at all times and levels throughout the Company. The risk management framework ensures the identification, measurement and control of the risks at all levels in the Company with a view to safeguarding its integrity, reputation and financial strength. The risk management framework also contains details of the Company's risk governance structure.

The Company maintains a risk governance structure geared towards strengthening risk identification, measurement, management and control whilst positioning the Company to manage the changing regulatory environment in an efficient and effective manner. The risk governance structure ensures oversight of and accountability for, the effective management of risks inherent in the Company's operations.

The Board of Directors, supported by the Audit, Risk and Credit Management Committee of the Board determines the risk strategy, policy, limits and appetite for the Company. The Board regularly reviews the Company's risk exposure to enable it to take appropriate risk related decisions. The Risk Management Department assists management in the formulation of the overall policies including various risk management strategies and control.

The Department also provides a review of the overall risk profile from time to time. The head of the Risk Management Department is responsible for coordinating the risk management issues emanating from the various committees, divisions and departments of the Company and is primarily responsible for ensuring that the Company's risk profile is consistent with its financial resources and the risk appetite defined by the Board. The formulation of the overall policies including various risk management strategies and control.