

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. Clearly defined policies are set out by the Board which are then conveyed to the executives of the Bank via their delegated authority to facilitate them to oversee the course of actions of the business.

Through its risk management framework, the Board Risk Committee (BRC) sets the Bank's risk appetite, administers the establishment of robust enterprise-wide risk management procedures and sets risk limits to monitor the Bank's various portfolios. Adequate internal control mechanisms and up-to-date and comprehensive risk policies which adhere to legal and regulatory requirements, are set up and monitored by the BRC.

BOARD SUB-COMMITTEES AND EXECUTIVE MANAGEMENT

The Board sub-committees and executive management team manage business and strategy of the Bank through a system of enterprise risk management.

The Board Risk Committee reviews the Bank's transactions with parties ensuring that the latter is in compliance with all reporting and/or approval procedures of the Bank of Mauritius and all related party transactions with any shareholder when said dealings are above 2% of Tier 1 capital. The BRC ensures that transactions which could materially affect the financial stability of the Bank are identified at source.

RISK MANAGEMENT

The risk management team, through its different divisions, provides the day-to-day oversight on management of risk and promotes a robust risk culture

across the Bank. It is responsible to create, implement and maintain the risk practices across the Bank as defined by the Bank's risk appetite and to ensure that controls are in place for all risk categories.

The risk management team maintains its objectivity by being independent of operations and the different Risk Heads have direct access to the Board Chairperson and the Risk Management / Conduct Review Committee, without impediment. Internal audit provides an assessment on the adequacy and effectiveness of the Bank's processes for controlling its activities, managing its risks and ensuring good governance. It reports and provides recommendations on significant issues related to risk management, control and governance processes within the Bank. The internal audit team conducts periodical review of the risks and control functions as per the annual audit plan approved by the Audit Committee. All the observations have been promptly attended to and weaknesses have been addressed to ensure a water-tight control function.

The complete Risk Management Report is set out on [pages 124 to 173](#) 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.

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