

RISK MANAGEMENT COMMITTEE CHARTER

EAST WEST BANKING CORPORATION

31 August 2024

1. PURPOSE

- 1.1. The purpose of the Risk Management Committee (RMC) is to assist the Board of Directors (Board) in fulfilling its responsibilities in managing the Group's risk-taking activities.
- 1.2. The nature of the Risk Management Committee's responsibilities is one of risk policy and framework development, formulation and oversight over the effectiveness of risk management practices. The responsibility for executing the Group's risk management policy and framework lies with Senior Management.

2. AUTHORITY

- 2.1. To aid in fulfilling its duties and responsibilities, the Board of Directors has bestowed upon the Risk Management Committee the authority to:
 - 2.1.1. Review and approve principles, policies, strategies, processes and control frameworks pertaining to risk management recommended by the CRO.
 - 2.1.2. Form and delegate authority to subcommittees as appropriate.
 - 2.1.3. Have direct and unrestricted access to management and auditors (internal and external) and receive regular reports.
 - 2.1.4. Obtain advice and assistance from independent professional advisors.
 - 2.1.5. Conduct or direct any investigation when the need arises.

3. MEMBERSHIP

- 3.1. The Committee shall have no less than three (3) members, with majority independent directors.

- 3.2. The Chairperson shall be an independent director, and may not be the Board's Chairperson, or any other Board-level committee.
- 3.3. Each member shall be appointed by the Board of Directors.
- 3.4. Members must possess adequate knowledge and understanding of the institution's risk exposures as well as the expertise to develop appropriate risk policy and strategy.

4. **MEETINGS**

- 4.1. The Risk Management Committee may conduct meetings only when a majority of the Committee members are present.
- 4.2. Aligned with the minimum prescriptions for Board meeting, meetings may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as subject member is able to actively participate in the deliberations on matters taken up therein.
- 4.3. Each Committee member shall participate in at least fifty percent (50%) of the scheduled meetings of the Committee every year.
- 4.4. The CRO, relevant representatives from the Risk Management Division as well as the appointed Committee Secretary, shall regularly attend the meetings.
- 4.5. Meetings shall be held on a monthly basis, as a minimum.
- 4.6. The Risk Management Committee may request and/or prescribe non-members to join the meetings when deemed necessary to address the Committee's objectives.
- 4.7. Non-members may be asked by the Committee to withdraw for all or any part of any meeting.
- 4.8. The agenda shall be prepared by the CRO prior to the meetings. At a minimum, the agenda should include reports on risk limits compliance, as well as the profile of the Group's risk exposures. Minutes of the meeting shall be prepared by the Committee Secretary and noted by the CRO.

5. DUTIES AND RESPONSIBILITIES

5.1. Oversees the risk management framework and adherence to risk appetite -

5.1.1. Identifies and evaluates the Group's risk exposures. The Committee assesses the likelihood of each risk identified and estimates its impact to the Group. Further attention shall be given to those risks that are more likely to happen and bear more costly impact to the Group.

5.1.2. Ensures that all risk management strategies and policies for all types of risks are developed, properly documented, and effectively communicated to the organization. The Committee also ensures that the concerned units follow the loss mitigating strategies and procedures laid out in the risk management policies.

5.1.3. Evaluates and approves all types of recommended risk tolerances including portfolio credit tolerances, market and liquidity risk limits, and operational risk parameters that includes business continuity and information security risks; taking into consideration the overall risk appetite of the Board.

5.1.4. Ensures that relevant risks are measured and monitored for all portfolios and business activities.

5.1.5. Evaluates the magnitude, direction and distribution of risks across the Group. Provides direction to the Group on how to control or mitigate these risks through its developed risk management strategies and policies.

5.1.6. Evaluates and reports to the Board the Group's over-all risk exposures and the effectiveness of its over-all risk management practices and processes and recommends further action or policy revisions, if necessary.

5.1.7. Ensures that timely corrective actions are carried out whenever risk limits are breached.

5.1.8. Recommends the allocation of capital in order to manage risk and corresponding earnings.

5.1.9. On internal audit –

5.1.9.1. Ensures that the Group's risk management framework is evaluated regularly by Internal Audit.

5.1.9.2. Reviews issues raised by Internal and External Auditors regarding the Group's risk management framework.

5.1.9.3. Relays to the Audit Committee any issues that the Committee sees as relevant.

5.2. Oversees the risk management function –

5.2.1. Selects, appoints, and dismisses, as appropriate, the CRO, and ensures that the remuneration of the CRO is in accordance with the Board-approved remuneration structure.

5.2.2. Evaluates the performance of the CRO, at least, on an annual basis.

5.2.3. Ensures that the risk management function has adequate resources, and effectively oversees the risk-taking activities of the Group.

5.3. Ensures that the incentives provided under the Group's remuneration system (including operating policies) take into consideration risk, capital, and the likelihood and timing of earnings aligned with the Group's desired risk culture and convey acceptable risk-taking behavior.

5.4. Conducts performance self-assessment as prescribed under and in accordance with the Corporate Governance Manual.

5.5. Reviews, at least annually, the Committee's charter and recommend any proposed changes to the Board for approval.

5.6. Examines other matters referred by the Board.