



**SUPERVISORY AND MONITORING
COMMITTEE CHARTER**



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I. OBJECTIVES

The Supervisory and Monitoring Committee (“SMC”) is responsible for the development strategy and objectives of the Company whilst monitoring and measuring the latter’s performance against such strategy. It oversees the overall management of the Company in accordance with set policies and the executive role of day to day decisions.

The Committee is, subject to any decision which the Board may take from time to time, competent to exercise all or any powers, authorities and discretions vested in or exercisable by the Board with the exception of those set out in the Seventh Schedule of the Companies Act 2001 and those relating to the appointment of senior officers as defined by the Banking Act 2004.

This Charter is posted on the organisation’s website.

2. COMPOSITION

- 2.1. The members of the Committee shall be appointed by the Board of Directors of the Company (the “Board”) and shall consist of a minimum of two members including:
 - The Chairperson (normally Chairperson of the Board) and
 - The Chief Executive Officer (“CEO”)
- 2.2. The Committee shall designate a member as the Secretary.
- 2.3. The Chairperson of the Committee may in case of absence designate an alternate. In case of absence of the Chairperson and where no alternate has been designated, the Nomination and Remuneration Committee (“NRC”) or the Chairperson of the Board shall appoint another independent or non-executive director to chair the meeting.
- 2.4. In the absence of the CEO:
 - (i) another non-executive or independent director shall be appointed by the Board or the NRC, to act as member of the SMC in replacement of the CEO;
 - (ii) moreover, the SMC shall appoint an acting CEO who shall be in attendance with no voting rights.
- 2.5. Heads of Strategic Business Units may be invited to attend as required.
- 2.6. Decisions taken at majority shall include the Chairperson’s vote.
- 2.7. The Board may at any time remove member/s from the Committee and fill any vacancy/ies created by such removal.

3. MEETINGS

- 3.1. The Committee shall meet once a week. Meetings can be called on an ad hoc basis by the Chairperson or by any member.
- 3.2. Any two members of the Committee shall form a quorum, provided that one of them is the Chairperson.
- 3.3. The Acting CEO will not be counted in the number forming a quorum
- 3.4. The Chairperson of the Committee may in case of absence designate an alternate. In case of absence of the Chairperson and where no alternate has been designated, the Nomination and Remuneration Committee or the Chairperson of the Board shall appoint another independent or non-executive director to chair the meeting.

4. Decision Making/Voting

- 4.1. In case the Chairperson has a vested interest, he/she will not participate in the decision making process and the Board or the NRC shall appoint another non-executive/independent director to chair the meeting.
- 4.2. In case the CEO has a vested interest, he/she shall not participate in the decision making process and shall not have voting right. The Board or the NRC shall appoint another non-executive/independent director to attend the meeting and participate in the decision making process.
- 4.3. The Acting CEO shall not participate in the decision making process and shall not have voting right.
- 4.4. Resolution in writing:

A resolution in writing, signed or assented to by all members entitled to receive notice of a meeting, shall be as valid and effective as if it had been passed at a meeting duly convened and held. Any such resolution which may be executed in multiple counterparts, all of which taken together shall constitute one original. Any such resolution shall be entered in the minute book of proceedings of the Committee.

5. ROLES AND RESPONSIBILITIES

Through the delegation of powers, authorities and discretions delegated by the Board, the SMC:

- Submits to the Board the development strategy and objectives of the Bank;
- Sets the corporate values and principal policies, including the credit policy, in respect of the conduct of the businesses and after Board approval ensures that they are communicated throughout the Bank;
- Ensures that during the absence of the CEO an acting CEO is appointed, as and when required.
- Ensures that Senior executives are managing the Bank in accordance with such policies and strategy;
- Monitors and measures the performance of the Bank against such strategy and objectives and reports to the Board;
- Reviews, decides and brings to Board attention exceptions made and eventual changes proposed to policies;
- Ensures that the organisation structure of the Bank is best suited to the implementation and realisation of such policies, strategy and objectives;
- Ensures that clear lines of responsibility and accountability exist throughout the Group;
- Proposes the dividend policy;
- Monitors strategic alliances;
- Monitors changes of the Share Capital;
- Monitors the major litigation issues;
- Ensures that the Board is permanently updated about the running of the affairs of the Bank and about the major subjects/decisions that the Board has to approve.

6. OTHER PROVISIONS

6.1. Professional advice

The Board has an agreed procedure whereby members of the Committee are able to seek independent professional advice, should the need arise. The professional services procured would be at the Company's expense and prior approval of the Chairperson is required.

6.2. Access to information

The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

6.3. Reporting

The Chairperson of the SMC shall report to the Board in a timely manner on major issues that could have an impact on the affairs of the Bank.

Any significant issues having impact on the affairs or reputation of the Bank shall be reported by the Chairperson of the Board to the Boards of the relevant holding companies.