

KCCDFI Mutual Benefit Association, Inc.

Board Risk Oversight Committee Charter

This Charter establishes the purpose, composition, authority, responsibilities and operations of the Board Risk Oversight committee of KCCDFI Mutual Benefit Association, Inc.

I. Purpose

The purpose of the Board Risk Oversight Committee shall be to assist the Board and to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the board in identifying units/business lines and enterprise-level risk exposures as well as the effectiveness of risk management strategies. The Committee shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

The purpose of the Risk Oversight Committee (the "Committee") shall be to assist the Board and oversee and monitor the Company's senior management in carrying out of the following responsibilities:

- The financial management of the Company and its subsidiaries;
- Defining the risk profile of the Company, including identifying and assessing the risks facing the Company;
- Managing the financial risk and return of the Company;
- Compliance with legal and regulatory requirements;
- The Company's strategic planning, including reviewing material strategic transactions and potential material investments by the Company in, or in the Company by, third parties.

II. Composition

The Committee shall consist of at least three (3) members of the Board, majority of whom shall be independent directors, including the chairman. At least one member must have

relevant thorough knowledge and experience on risk and risk management issues and practices. It shall have access to independent experts to assist it in discharging its responsibilities.

Members of the Committee shall be appointed by the Board, who shall also appoint a committee Chairman. In accordance with this, members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filed by the Board.

III. MEETING

The committee shall meet twice a year or as may be necessary. All committee members are expected to attend each meeting. The presence of a majority of its member shall constitute a quorum for any meeting. No business shall be transacted at any meeting unless a quorum is present. The Committee chairman shall preside in all meetings of the Committee. The Meeting shall may be conducted by teleconference. The Board Risk Oversight Committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the committee secretary to record and keep minutes of meetings and other proceedings. The Committee may invite members of Management or others to attend meetings and provide pertinent information, as necessary.

IV. AUTHORITY

The Committee members shall discharge their responsibilities and shall assess the information provided by the Company's management, in accordance with the same standards of duty and care as they do as members of the Board. An act of the Committee which is within the scope of its power shall not require ratification or approval for its validity and effectivity.

V. RESPONSIBILITIES

The Committee shall have the following duties and responsibilities.

- ☐ Develops a formal enterprise risk management plan;
- ☐ Identifies and evaluates risk exposure of the association;
- ☐ Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;
- ☐ Develop risk management strategies for managing and controlling risks faced by the association;

- ☐ Oversees the implementation of the enterprise risk management plan by conducting regular discussions of current risks based on the management reports and assess how to reduce the risks;
- ☐ Review and revised the enterprise risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;
- ☐ Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Association;
- ☐ Reports to the Board on a regular basis, or as deemed necessary, the Association's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;
- ☐ Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

VI. REPORTING RESPONSIBILITIES

The Committee Chairman must regularly report to the Board of Trustees the Committee's activities, findings, decisions, deliberations and recommendations.

VII. ANNUAL REVIEW OF CHARTER

The Committee shall conduct an annual review of this Charter and propose any amendments as may be deemed necessary for Board approval.