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**MEMORANDUM**

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**TO:** BOARD OF DIRECTORS  
**FROM:** JORDAN CRAIN  
**SUBJECT:** RISK COMMITTEE CHARTER AMENDMENTS  
**DATE:** DECEMBER 20, 2021  
**CC:** RISK COMMITTEE

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No material changes have been a made to the Board Risk Committee Charter.

**Old Second National Bank  
Risk Committee of the Board of Directors  
Committee Charter**

**Mission**

The Risk Committee (the “Committee”) is a standing committee of the Board of Directors of Old Second National Bank (the “Board”). The purpose of the Committee is to assist the Board in fulfilling its responsibilities with respect to:

- Overseeing Bank management’s design, implementation, monitoring and enforcement of the Bank’s framework for managing risk throughout the organization.
- Ensuring that the Bank has an effective process in place for the ongoing identification and assessment of risk, including emerging risks.
- Approving the Bank’s risk appetite and related metrics and reviewing on a regular basis the Bank’s actual risk profile against its risk appetite metrics.
- Reviewing risk management policies that establish the appropriate approval levels and limits for managing key risks.
- Assessing the overall adequacy of the Bank’s enterprise risk management function.

The Committee’s role is one of oversight of Bank management and the Committee’s activities do not substitute for the responsibility of Bank management to design, implement, monitor and maintain an effective enterprise risk management program.

**Composition**

The Committee shall consist of three or more directors, who shall be appointed from time to time by the Board based on the recommendation of Old Second Bancorp, Inc.’s Nominating and Corporate Governance Committee. A majority of the Committee’s composition shall consist of independent directors. One of these directors shall serve as the Committee Chairperson. All members of the Committee shall have a basic understanding of risk management practices, specifically those relevant to the financial services industry. Members of management, including the Chief Technology Officer, Information Security Officer, and the Chief Risk Officer, shall meet regularly with the Committee but shall not be considered Committee members. The Committee maintains the authority to engage independent advisors or consultants, paid for by the Bank, as it deems necessary to make the best possible decisions on enterprise risk management.

## **Meetings**

The Committee shall meet a minimum of four times annually, generally once quarterly, or more frequently, as circumstances dictate. The committee shall, at its discretion, meet without management and/or with the Chief Risk Officer without other members of management present. The Committee may also meet periodically with the Audit Committee or other Board committees to discuss matters of mutual interest and importance.

The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee's activities, and shall provide copies of such minutes to the Bank's Board of Directors. The Committee shall determine its rules of procedure.

## **Specific Duties and Responsibilities**

In addition to any specific duties that may be prescribed by regulation, the Committee has the responsibility to:

- Ensure that the Bank has in place an appropriate enterprise-wide process to identify, assess, monitor, manage and control the Bank's credit, operational, legal/regulatory, capital, liquidity, interest rate risk, reputational, and strategic risks (specifically excluding, however, audit, and financial reporting, which are the primary responsibilities of the Audit Committee).
- Based on the recommendation of the Chief Risk Officer and senior executive management, review and approve the Bank's risk appetite and risk appetite governance framework on an annual basis.
- Review the Bank's actual risk profile and risk trending against its risk appetite based on management reports. Such ongoing reviews will include, but are not limited to, monitoring of any policy exceptions affecting the Bank's risk profile; reviewing results of stress-testing and scenario analysis; reviewing results of model validation testing; and consideration of the impact on the Bank and its risk profile of the work provided by any third-party providers (with the exception of providers of internal and external audit services, which will be evaluated by the Audit Committee).
- The Committee will provide evaluation and input on the quarterly assessment of the Bank's Risk dashboard, which will summarize specific key risk areas within the Bank, emerging risks to which the Bank may be exposed, and progress made toward mitigating those risks.

- Review and approve significant risk management policies and procedures, including those for:
  - Credit risk
  - Market risk
  - Liquidity risk
  - Regulatory and legal risk
  - Operational risk
  - Reputational risk
  - Strategic risk
  - Capital Adequacy
  - Information Technology Risk
- Approve the appointment, and when appropriate the replacement of the Chief Risk Officer. On an annual basis, provide feedback regarding the performance and effectiveness of the Chief Risk Officer.
- On an annual basis, assess the effectiveness of the Bank's risk management function.
- The Committee shall annually review the Bank's insurance program.
- Periodically evaluate the Committee's own performance and effectiveness.
- Report to the Board (and/or the Audit Committee, as warranted) material matters discussed at the Committee meetings.
- Periodically participate in educational sessions to enhance their knowledge of contemporary risk-related issues.

### **Commitment to Open and Honest Dialogue**

In carrying out these duties and responsibilities, the Committee shall foster an environment which encourages the Chief Risk Officer or any other Bank officer or employee to raise any risk-related issues or concerns freely and without concern for retribution.