



## **Risk Committee Charter**

### **1. Purpose and Duties of Risk Committee**

- 1.1. To help the Board understand the risks the Group faces (range of outcomes, relative probabilities, not just a single number) for each of these types of risk: credit, liquidity, market (including interest-rate risk in the banking book, lease residual values, non-traded equity and structural foreign exchange), insurance, operational, regulatory, compliance and reputation.
  - 1.1.1. Tax and accounting risks will be similarly covered by the Audit Committee.
  - 1.1.2. Strategic risks will be governed by the full Board with input from all Committees.
- 1.2. To help the Board formulate its risk appetite, at least annually. This is to include perspectives on typical, one-in-ten years, and very remote outcomes in each risk area and overall.

### **2. Composition**

- 2.1. The Risk Committee shall comprise at least three members plus the Chief Executive Officer. Except for the Chief Executive Officer, all other members must be non-executive and independent Directors.
- 2.2. The Risk Committee Chairman may not be the Chairman of the Board. The Audit Committee Chairman will be a member of the Risk Committee and vice-versa to ensure the flow of relevant information between the two committees.

### **3. Quorum**

- 3.1. The presence of one half of the members of the Committee (rounded upwards if not a whole number) is necessary to constitute a quorum. No business may be transacted unless a quorum is present.

### **4. Meetings**

- 4.1. The Risk Committee will meet at least quarterly, and as required. Minutes of the meetings will be circulated to all Directors and, as appropriate, to attendees. Reports shall be made to the Board from the Chairman of the Risk Committee following each meeting of the Risk Committee.

### **5. Powers of the Risk Committee**

- 5.1. The Risk Committee has the power to call attendees as required, including open access to management, auditors (external and internal) and the right to seek explanations and additional information.

- 5.2. The Risk Committee has the option, with the concurrence of the Chairman of the Board, to retain independent legal, accounting, or other advisors to the extent the Committee considers necessary at the Group's expense.
- 5.3. The Group Chief Risk Officer has free and unfettered access to the Risk Committee and vice versa.

## **6. Duties and Responsibilities of the Risk Committee**

- 6.1. Agree and recommend for Board approval, a risk management framework consistent with the agreed Group risk appetite (for material risk exposures).
- 6.2. Monitor the risk profile of the Group against the agreed Group risk appetite and risk management framework via management reports.
- 6.3. Monitor the effectiveness of risk frameworks in supporting business performance/strategy and the Group's risk appetite.
- 6.4. Endorse Board-level policies (including limits) in respect to key risk types as determined by the Board.
- 6.5. Set delegations supporting strategy and appetite and monitor compliance with delegations.
- 6.6. Approve matters outside delegated authorities.
- 6.7. Assess the Group's risk culture, by maintaining a dialogue with the Group Chief Risk Officer and other relevant members of management with the objective of having a view on the health of the Group's risk culture, and to report any significant issues or concerns to the Board.
- 6.8. Receive reports from management on the Group's regulatory relations (including significant correspondence with the regulators); and report any significant issues to the Board.
- 6.9. Review the annual APRA Risk Management Declaration and recommend its endorsement by the Board.
- 6.10. Monitor adherence to risk policies.
- 6.11. Review and assess annually the completion of the Risk Committee's responsibilities under the Charter and report such findings to the Board. Ensure any matters not appropriately dealt with are suitably actioned.
- 6.12. Review and assess annually the effectiveness of the Risk Committee as part of the annual Board effectiveness review. The findings should be considered by the Committee and the Board and actioned as appropriate.

## **7. Limitations of Responsibility**

- 7.1. Each member of Risk Committee is entitled to rely on the executives of the company for matters that are their responsibility and on the advice of counsel and other experts, so long as they are not aware of any grounds where reliance would be inappropriate.

## **8. Amendments to this Charter**

- 8.1. The Risk Committee may recommend to the Board any amendments to this Risk Committee Charter.

**Updated December 2011**