

# Risk Committee Charter





## Governance

<b>Approver</b>	Board of Directors
<b>Mandatory reviewer</b>	Company Secretary
<b>Owner</b>	Risk Committee
<b>Exception authority</b>	CEO
<b>Review cycle</b>	Biennial (next review June 2026)

## Related documents

<b>Internal documents</b>	Nil
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## Material revisions

<b>Ver.</b>	<b>Approval date</b>	<b>Details</b>
2.0	16 May 2008	Add document and change control tables
2.1	1 May 2008	Annual review
2.2	28 May 2009	Annual review
2.3	29 July 2010	Annual review
2.4	28 July 2011	Annual review
2.5	31 May 2012	Annual review
2.6	4 April 2013	Annual review
2.7	17 March 2014	Annual review
2.8	17 Sept. 2014	Amendment to ensure compliance with CPS 510
2.9	21 Sept. 2016	Biennial review
2.10	26 Sept. 2018	Biennial review
2.11	30 Sept. 2020	Substantive rewrite of Charter
2.12	29 June 2022	Biennial Review
2.13	3 July 2024	Biennial Review
2.14	11 November 2024	Addition of specified ESG responsibilities.





## 1. Role of the Committee

- 1.1 The Risk Committee (**Committee**) of Australian Military Bank Limited (**Bank**) has been established to assist the Board in discharging its responsibilities on a range of matters relating to:
- ▶ the risk profile and risk appetite of the Bank;
  - ▶ the Risk Management Framework (**RMF**) and the Risk Management Strategy (**RMS**) required to prudently manage the Bank's material risks, including Environmental, Social & Governance ('ESG') related risks;
  - ▶ the design, implementation and oversight of frameworks, policies, plans, processes and controls within the RMF;
  - ▶ the risk management and compliance function, including the Chief Risk Officer (CRO);
  - ▶ risk and compliance culture; and
  - ▶ business continuity testing.
- 1.2 The Committee is responsible for overseeing the Bank's material risks and the risk-related activities specified in the RMF other than those that are the responsibility of the Board or are delegated to other Board Committees.
- 1.3 The Committee in performing its role in relation to ESG will consult and share information with the Environmental, Social, Governance & Remuneration Committee (responsible for the Bank's ESG Strategy) and the Audit Committee (responsible for oversight of ESG-related reporting) in relation to the ESG-related responsibilities delegated to these committees.
- 1.4 The Board has delegated authority to the Committee to fulfil its responsibilities as set out in this Charter in the section entitled *Responsibilities of the Committee* and may make other delegations to the Committee from time to time.

## 2. Composition

- 2.1 The Board appoints the members of the Committee.
- 2.2 The Committee will consist of at least three directors, all of whom must be non-executive directors (**NEDs**), with the majority of the members being independent.
- 2.3 The Board appoints a member to be the Chair of the Committee. The Committee Chair must be an independent NED and must not be the Board Chair.
- 2.4 The Company Secretary of the Bank, or such other person as the Board may nominate, will act as Committee Secretary.



### 3. Meetings

- 3.1 The Committee will meet at least quarterly or more frequently if necessary.
- 3.2 The quorum for a meeting of the Committee is two members.
- 3.3 All directors will have access to Committee papers and may attend Committee meetings.
- 3.4 The Chief Executive Officer (**CEO**), CRO, other appropriate Bank management and any external advisors are to attend such portion of Committee meetings as requested by the Committee Chair but are not to participate if they have an interest in a matter being considered by the Committee.

### 4. Access, Reliance and Advice

- 4.1 The Committee will have free and unfettered access to senior management, any other relevant internal and external parties (including the Internal and External Auditors), and may make any enquiries necessary to fulfil its responsibilities.
- 4.2 The CRO will have unfettered access to the Committee.
- 4.3 The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts, with the prior approval of the Board.
- 4.4 Management is responsible for the preparation, presentation and integrity of the information provided to the Committee.
- 4.5 Committee members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

### 5. Responsibilities of the Committee

#### Risk Management

The Committee is responsible for:

#### Risk Profile & Risk Appetite Statement

- 5.1 Reviewing and recommending to the Board the Bank's Risk Appetite Statement (**RAS**).





- 5.2 Monitoring and reporting to the Board on the Bank's current and future risk profile as assessed against the RAS and capital strength and the implications of the assessment for either varying risk limits or recommending management actions.
- 5.3 Monitoring and reporting to the Board in relation to the identification and management of ESG related risks.
- 5.4 Monitoring and reporting to the Board on new and emerging sources of risk and the controls which may affect the Bank and measures put in place to deal with those risks.

### **Risk Management Framework**

- 5.5 Overseeing the design, implementation and operation of the RMF and reviewing reports on the RMF to ensure that it continues to operate effectively within the risk appetite set by the Board.
- 5.6 Reviewing the results of a triennial report on the appropriateness, effectiveness and adequacy of the RMF.
- 5.7 Constructively challenging management's proposals and decisions on risk matters arising from the Bank's activities.

### **Risk Management Strategy**

- 5.8 Reviewing and recommending to the Board the design of the RMS addressing the Bank's material risks.
- 5.9 Reviewing and recommending to the Board the key risk frameworks, plans and policies relating the Bank's material risks, other than those reserved by the Board or delegated to another Board Committee or to management.
- 5.10 Reviewing and recommending to the Board the following:
  - a strategies – Capital Management, Liquidity and Funding, Cyber.
  - b plans – Liquidity Risk Management, Liquidity Contingency, Capital Management, Business Continuity, Business Recovery, AML/CTF Program, Funding and Market Risk Management; and
  - c policies – including policies relating to Credit Risk Management, Fraud, Securitisation, Large Exposure Risk Management, Information Security, Information Asset Access, Business Continuity Management, Privacy, Conflicts of Interest.
- 5.11 Overseeing management's implementation of the RMS and the operation of the systems, policies, plans, processes and controls supporting the RMS, including:



- a ensuring the adequacy of the Bank's risk management information systems for measuring, assessing and reporting on the Bank's material risks.
- b reviewing and recognising uncertainties, limitations and assumptions attached to the measurement of the Bank's material risks.
- c monitoring risk strategies and action plans to manage specific material risks; and
- d reviewing changes to risk-related operational structures to ensure that is appropriate and adequate resourcing to facilitate effective risk management.

5.12 Reviewing reports from management:

- a on the Bank's risk registers, including the results of risk reviews and assessments and any significant breaches or material deviations from the RMF.
- b related to any significant incident or breakdown of risk controls and monitoring the resolution action plans for significant risk incidents or controls; and
- c related to business continuity testing results.

5.13 Reviewing an annual report on the Bank's policy framework to assess whether the Bank's material risks have been identified and are being managed within the Bank's policy framework.

### **Capital**

5.14 Participating in the internal capital adequacy assessment process by analysing the outcomes of the Bank's stress testing and their application in setting the Bank's risk appetite and capital targets for regulatory capital.

### **Insurance**

5.15 Overseeing the annual review process for the Bank's corporate insurance policies.

### **Risk Culture**

5.16 Assessing and monitoring the Bank's risk culture by reviewing the results of risk culture surveys, incidents, complaints, audit reports and actions and reporting to the Board any risk culture-related matters that affect the Bank's ability to operate within its risk appetite, including any desirable changes to the risk culture.

5.17 Overseeing the risk culture assessment process to ensure the Board is able to satisfy its obligation in respect of risk culture under prudential requirements.

### **Risk Management Declaration**

5.18 Reviewing the annual Risk Management Declaration (RMD) ahead of the RMD being considered by the Board.





## **Compliance Program**

- 5.19 Reviewing and recommending to the Board, at least annually, the Compliance Program for the Bank.
- 5.20 Overseeing compliance systems and processes implemented by management to maintain compliance with legal and regulatory requirements applicable to the Bank, including compliance with ESG related legislation.
- 5.21 Reviewing reports from management on the compliance program.

## **Risk Management & Compliance Function**

### **Chief Risk Officer**

- 5.22 Endorsing and recommending to the Board, on the recommendation of the CEO, the appointment and removal of the CRO.
- 5.23 Setting the performance objectives and reviewing the performance of the CRO.
- 5.24 Monitoring the ongoing effectiveness and independence:
  - a of the CRO; and
  - b of the Bank's risk management and compliance function to ensure that it is appropriate for the size, business mix and complexity of the Bank, is operationally independent and has adequate resources.

## **Other**

### **Executive Remuneration**

- 5.24 Providing risk-related information to the Environmental, Social, Governance & Remuneration Committee on any material matter within the Committee's remit that is relevant for determining risk and remuneration outcomes for the CEO, CEO's direct reports or other employees specified in the Remuneration Policy.

### **Referrals**

- 5.25 Assessing any information provided to it from the Board, another Board Committee, External Auditor, Internal Auditor or regulator which is relevant to the Committee's responsibilities for appropriate action.
- 5.26 Referring any material information to the Board, another Board Committee, External Auditor or Internal Auditor which may be relevant for consideration by the relevant body or person.





## **6 Reporting**

- 6.1 Minutes of Committee meetings will be made available to all Board directors and upon request to the Internal and External Auditors.
- 6.2 The Committee Chair will report to the Board on:
  - a The business of Committee meetings; and
  - b Any significant incident or breakdown of risk controls of the Bank's RMF reported by management under paragraph 5.12(b).
- 6.3 The Committee will provide both the Internal Auditor and External Auditor with all correspondence it receives from APRA which is relevant to the Internal or External Auditors' reporting obligations in relation to the Bank.

## **7 Committee Performance & Charter Review**

- 7.1 The Committee will assess its performance and the fulfilment of its responsibilities under the Charter at least annually.
- 7.2 The Committee will review the adequacy of this Charter at least biennially and recommend any necessary changes to the Board.

## **8 Other Responsibilities**

- 8.1 The Committee members will meet with APRA and other regulators on request.
- 8.2 The Committee will perform any other responsibilities as may be delegated to it by the Board from time to time.

