



# BOARD RISK COMMITTEE CHARTER

Current as at September 2023

## Version Control

Review Date	Version	Comments
01/2019	1.0	APRA Prudential Review 2018 – Recommendation 2 Board & Committee Charters
03/2020	1.1	Annual Review
07/2020	2.0	PwC Governance (CPS510) Review - Expanded to include oversight and prior endorsement of appointment or removal of the CRO
09/2021	2.1	Annual Review
10/2022	2.2	Annual Review
09/2023	2.3	Annual Review

## Distribution

Name	Title	Sign Off/Review
Craig Lonergan	Chief Risk Officer	Review
Martin Barrett	Managing Director	Review
	Board Risk Committee	Sign off and recommendation to the Board
	Board	Approval

# Contents

- 1. Overview..... 3
- 2. Purpose ..... 3
- 3. Committee Composition..... 3
- 4. Committee Meetings ..... 4
- 5. Duties and Responsibilities..... 4
- 6. Limitations of Responsibility ..... 6
- 7. Reporting Lines..... 6
- 8. Review of the Charter ..... 6

## 1. Overview

- 1.1. The Auswide Bank's Board Risk Committee ('Committee') focus is to assist the Board of Directors in discharging its responsibilities in relation to risk within the Bank in accordance with its Corporate Governance Statement.
- 1.2. Risk management refers to the practice of identifying potential risks in advance, analysing, monitoring and communicating them and taking precautionary steps to reduce or limit the risk.

## 2. Purpose

- 2.1 The purpose of the Committee is as follows:
  - a) To assist the Board in the effective discharge of its responsibilities to set and oversee the risk profile and the risk management framework of Auswide Bank.
  - b) To ensure management have appropriate risk systems and practices to effectively operate within the Board approved risk profile for Auswide Bank.
  - c) The committee has the power to deal with and where applicable resolve, determine and recommend, all matters falling within the scope of its purpose and duties as set out in this Charter and other matters that may be delegated by the Board to the Committee when required.

## 3. Committee Composition

- 3.1 Auswide Bank Risk Committee is a committee appointed by the Board of Directors. The Committee membership and the Chairperson of the committee will be determined by the Board. The Committee must have at least three members, of which are non-executive directors and a majority of independent directors., with one to be appointed by the Board as Chairperson of the committee. The Chairperson of the Board cannot be the chair of the Auswide Bank Risk Committee.
- 3.2 Should the Chairperson of the Committee be absent from a meeting, the members of the Committee present will appoint a Chairperson for that particular meeting.

## 4. Committee Meetings

- 4.1 The Committee will hold at least four regular meetings per year and such additional meetings as the Chair of the Committee decides in order to fulfil its duties. The Chair of the Committee will call a meeting of the Committee if so requested by any Committee member, or the Chair of the Board of Directors.
- 4.2 A quorum for a Committee meeting will be two appointed committee members who must be present throughout the entirety of the meeting.
- 4.3 The Secretary of the Committee will be the Chief Risk Officer.
- 4.4 The Committee may request any officer or employee of Auswide Bank, external legal counsel, the external auditor or any person or group with relevant experience or expertise to attend meetings of the Committee or to meet with any members of or consultants to the Committee.
- 4.5 The agenda and supporting documentation will be circulated to the Committee members *at* least one week in advance of each meeting. The Secretary of the Committee will circulate minutes of the meeting to members of the Committee and the Board.
- 4.6 Where approvals are required outside a meeting of the Committee, approval can be sought via circulation to the Committee members by email. A report is to be provided to the next meeting of the Committee detailing any approvals outside of a meeting of the Committee.

## 5. Duties and Responsibilities

- 5.1 The Committee will consider any matters where there is exposure of Auswide Bank to possible economic or financial loss, damage, injury or delay as a consequence of pursuing its business. In addition, the Committee will examine any other matters referred to it by the Board of Directors. The Committee responsibilities will be aligned with Auswide Bank's governance structure and over-arching policy framework determined by the Board.
- 5.2 The Committee is responsible for:
  - a) Oversight of the risk profile and risk management of Auswide Bank within the context of the Board determined risk appetite, although ultimate responsibility for risk oversight and risk management of Auswide Bank rests with the Board and the Committee will refer all matters of significant importance to the Board
  - b) Oversight and prior endorsement of the appointment or removal of the Chief Risk Officer
  - c) Reviewing the performance and setting the objectives of Auswide Bank's Chief Risk Officer

- d) Oversight of the promotion by Executives and Senior Management of awareness of a risk based culture throughout Auswide Bank
- e) Assessing Auswide Bank's risk culture, by maintaining a dialogue with the Chief Risk Officer and other relevant members of management with the objective of having a view on the health of Auswide Bank's risk culture and to report any significant issues or concerns to the Board
- f) Oversight of the implementation and operation of the risk management framework and internal compliance and control systems throughout Auswide Bank
- g) Oversight of stress testing including both scenario analysis and sensitivity analysis
- h) Oversee the drafting and refining of the Auswide Bank's Risk Management Strategy, Risk Appetite Statement and particular risks or risk management practices
- i) Receive and review reports from Executive and Senior management regarding:
  - (i) financial or non-financial risks arising from strategic objectives or which may have a material impact on Auswide Bank in order to oversee these risks and assess their effect on capital levels; and
  - (ii) any significant breach of, or material deviation from, the risk management framework.
- j) Constructive challenge of Executive and Senior Management proposals and decisions on all aspects of risk management arising from Auswide Bank's activities
- k) Commissioning a comprehensive review to be conducted at least every three years by independent experts to assess the appropriateness, effectiveness and adequacy of the risk management framework in line with the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS220 Risk Management and consider the results of the report
- l) Review the adequacy of the Committee Charter and relevant risk management charters on an annual basis; and

- m) Review the annual APRA Risk Management Declaration and recommend its endorsement by the Board.

## **6. Limitations of Responsibility**

- 6.1 The Committee's principal function is one of oversight and monitoring. The Committee performs its principal function based on information provided to it by management. Committee members are entitled to rely on the Executives and Senior Management of Auswide Bank 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.

## **7. Reporting Lines**

- 7.1 The Board Risk Committee will report all material risk matters to the board within a timeframe appropriate to the seriousness of the task.

## **8. Review of the Charter**

- 8.1 Every twelve months, a review of this Charter and its continuing adequacy shall be performed in accordance with Auswide Bank's Board Performance Review Policy.
- 8.2 The Committee will recommend to the Board any proposed amendments to this Charter.