

Board Risk Committee Charter

1. Role

1.1 About the Board Risk Committee

The Committee is a committee of the Bendigo and Adelaide Bank Board. Its purpose is to provide the Board with objective oversight of the Group's risk profile and risk management framework. The Committee does not have responsibility in relation to credit, remuneration, taxation, and financial reporting risks which are overseen by other Board committees.

1.2 Purpose of the Charter

This charter sets out the role, responsibilities, powers and terms of operation of the Committee.

1.3 Scope of responsibilities

The Committee's responsibilities apply in relation to Bendigo and Adelaide Bank Limited (**Bank**) and its subsidiaries (**Group**).

2. Purpose

The purpose of the Committee is to provide assistance to the Board in relation to:

- Overseeing the risk profile and management of material financial and operational risks relative to the approved risk appetite and capital base;
- Overseeing the implementation and operation of the risk management strategy and risk management framework. This includes constructively testing and challenging management proposals and decisions on all aspects of risk management;
- Monitoring new or emerging material risks and review the treatment plans developed by management to mitigate these risks;
- Overseeing compliance with risk management strategies, policies, tolerances, limits and management delegations; and
- Monitoring the organisation's risk culture.

3. Responsibilities

3.1. Risk appetite and risk management framework

The Committee's responsibilities include:

- Making recommendations to the Board on changes to the Risk Appetite Methodology, Risk Appetite Statement and Primary Risk Appetite Settings.
- Making recommendations to the Board on changes to the Risk Management Framework.
- Considering and deciding the Internal Capital Adequacy Assessment Process ("ICAAP"), with significant changes to the ICAAP to be recommended to the full Board.
- Considering and deciding secondary risk appetite settings.
- Considering and deciding, as required, proposed changes to strategies, plans, policies, processes, models, limits and ceilings used to govern risk which are consistent with the risk management strategy and risk appetite. Where required, and if supported by the committee, the matter will be recommended for decision by the Board.
- Monitoring material changes to risk management policies approved by management committees under delegation.
- Setting the capital target ranges, overseeing capital management and monitoring levels for consistency with the risk appetite.

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- Monitoring the risk culture including the extent to which a sound risk management culture is reflected in operational structures and processes.
- Considering and recommending to the Board the results of enterprise-wide stress tests.
- Overseeing the triennial review (to be conducted by an independent expert) on the appropriateness, effectiveness and adequacy of the risk management framework.
- Monitoring emerging trends and risk that may impact the risk profile along with relevant legislative and regulatory developments, and oversee management's plans to manage these risks and developments;
- Monitoring the independence, performance and effectiveness of the risk management function.

3.2. Interest Rate Risk, Traded Market Risk and Liquidity Risk

- Monitor the operating environment including economic, industry, market and regulatory developments in the context of the risk appetite and risk management framework.
- Monitor compliance with capital, interest rate risk, traded-market risk and liquidity risk management policies, limits and tolerances.
- Monitor the funding mix and maturity profile.
- Monitor the activities and decisions of the Asset Liability Management Committee.

3.3. Operational Risk

- Monitor the Group's operational risk profile incorporating the management and measurement of operational risk (including IT operational risk) taking into account new and emerging operational risks, operational risk key risk indicators, scenarios, operational risk events and treatment plans for high rated residual operational risks and operational risk events.
- Monitor compliance with operational risk management settings, policies and standards.
- Consider the outcomes of reviews and testing of the Business Continuity Plan (BCP). This includes the outcomes of periodic audit assurance reviews of the BCP.
- Monitor the activities and decisions of the Operational Risk Committee.

3.4. Group insurance program

Monitor the adequacy of the Group's insurance cover and approve the terms for the renewal of the annual insurance program.

3.5. Group Litigation

Monitor significant Group litigation including receipt and consideration of litigation report.

4. Advanced Accreditation

The Committee will support the Board in relation to the advanced accreditation project. This includes reviewing and confirming the models and supporting principles, assumptions and systems to measure, report and control risk.

5. Other responsibilities

Prudential Assurances: Review management assurances provided to the Committee and Board to support annual prudential declarations on the risk management framework and ICAAP.

Prudential Reviews: Receive reports from APRA on the outcomes of prudential risk reviews and monitor the progress of management to address recommendations from these reviews.

AML / CTF: Consider and decide on changes to the AML/CTF Policy and Part A Program and monitor the implementation and operation of the Program.

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Other Reviews: The Committee may initiate reviews as needed to fulfil the Committee's responsibilities under this charter.

Charters: Review and decide on changes to the ALMAC and Operational Risk Committee Charters.

General: Any other responsibilities delegated to the Committee by the Board from time to time relating to risk management. In addition, the Committee may refer matters to other board committees for specialist knowledge, such as technology related risks. Other board committees may also refer material risk related matters to the Committee.

Chief Risk Officer: Review the performance and objectives for the Chief Risk Officer as completed and set by the Managing Director. The Committee will also recommend to the Board the appointment or removal (subject to the prior endorsement by APRA) of the Chief Risk Officer.

6. Reporting and meeting planner

Each year the Committee approves a meeting planner setting out the standing items of business and reports to be considered during the year. The planner includes items of business and reports applicable to the responsibilities delegated to the committee under this charter.

7. Procedural Rules

The Bendigo and Adelaide Bank Board Committee Procedural Rules apply to the Risk Committee.

This charter was adopted by the Board of Bendigo and Adelaide Bank Limited on 15 December 2003 and last amended on 31 July 2018.