



Risk Committee Charter

Version	Prepared By	Date	Approved By	Date
1.0	Stacey Hester	24 November 2008		
1.1	Stacey Hester	18 December 2008	Risk Committee	15 December 2008
1.2	Stacey Hester	8 February 2010	Risk Committee and Board	22 February 2010

A.1 Objectives

The Risk Committee (“the Committee”) is a sub-committee of the Board of Directors and as such assists the Directors to discharge the Board’s responsibilities to oversee the risk profile and recommend the risk management framework of the Bank of Queensland Group (“the Bank”) to the Board. In this role the Committee has no executive responsibility, but is responsible for performing its duties in accordance with its charter and making recommendations to the Board of Directors on the effective discharge of its responsibilities for market, liquidity, credit and operational risk management and for the management of the Bank’s compliance obligations. The objectives of the Committee reflect this important role and include the following:

- recommending the risk profile and risk appetite of the Bank, for approval by the Board;
- receiving and reviewing reports from management concerning the Bank’s risk management strategies;
- recommending and overseeing the process developed by management to identify principal risks, evaluating their potential impact, and implementing appropriate strategies to manage those risks;
- recommending principles, strategies, policies and processes for managing risk;
- receiving and reviewing reports from management regarding resolution of significant risk exposures and risk events;
- reviewing and monitoring the risk implications of new and emerging risks, organisational change, regulatory change and major initiatives;
- providing a formal forum for communication between the Board and senior management;
- improving the efficiency of the Board by delegating tasks to the Committee where such tasks should be discussed in sufficient depth.

A.2 Duties and Responsibilities

The Committee will recommend to the Board the parameters of the Bank’s risk management strategy, monitor the Bank’s risk profile and oversee inherent risks. This will include (but is not limited to) the following matters:

A.2.1 Market Risk

To review Asset & Liability Committee (ALCO) matters relating to:

- The framework for the management of market risk;
- The Bank’s market risk performance and exposure against limits;
- Appropriate market risk policies; and
- Appropriate market risk limits.

A.2.2 Liquidity Risk

To review ALCO matters relating to:

- The framework for the management of liquidity risk;
- The Bank’s liquidity position and requirements;
- Appropriate liquidity risk policies;
- The funding plan for the Bank; and
- The monitoring of the Bank’s funding plan and funding requirements.

A.2.3 Balance Sheet Risk

To review ALCO matters relating to:

- The Bank's position in relation to management of interest rate risk;
- The Bank's position in relation to management and structure of balance sheet;
- The Bank's position in relation to management of capital adequacy;
- The effectiveness of systems and policies that are in place to manage structural interest rate risk; and
- New balance sheet management policies.

A.2.4 Credit Risk

To review reporting relating to:

- The framework for the management of credit risk;
- Monitoring of the risk profile, performance and management of the Bank's credit portfolio;
- Appropriate credit risk policies; and
- Appropriate credit limits.

A.2.5 Operational Risk

To review reporting relating to:

- The framework for the management of operational risk;
- Monitoring the performance of operational risk management and controls;
- Appropriate operational risk policies;
- Occupational health and safety issues;
- Environmental sustainability;
- Enterprise Continuity Management (comprising business continuity management, crisis management and disaster recovery);
- Reviewing reports from management concerning the Bank's annual insurance strategy, including the adequacy of coverage and limits of insurance policies; and
- Provision of reports on any material matters arising out of the insurance program during the year.

A.2.6 Compliance Risk

To review reporting relating to:

- The adequacy and effectiveness of the program of compliance established within the Bank;
- The processes in place for ensuring new and changed legal and regulatory requirements are identified and reflected in Bank processes;
- The scope and depth of compliance review activities and the resulting impact any review findings have on the risk profile of the Bank;
- The nature and effectiveness of action plans implemented to address identified compliance weaknesses; and
- To oversee the establishment and maintenance of risk based controls to mitigate the risks associated with money laundering and terrorism financing.

A.2.7 Other Responsibilities

To review reporting relating to:

- The monitoring of the performance of other risk types (as appropriate);
- Changes anticipated for the economic and business environment, including consideration of emerging trends and other factors relevant to the Bank's risk profile; and
- The adequacy of the Committee Charter and relevant risk management charters on an annual basis.

To:

- Oversee APRA statutory reporting requirements pertaining to risk matters;
- Oversee adequacy of internal risk monitoring and reporting requirements;
- Review and recommend annual approval of internal risk charters (such as Credit Risk Review and Executive Credit Committee);
- Review and recommend annual approval of the Asset & Liability Committee Charter including responsibilities, segregation of duty and reporting requirements;
- Receive reports in line with an approved "Risk Reporting Agenda", and review annually the appropriateness and frequency of the reports; and
- Regularly discuss and receive reports from the Chairperson of the Audit Committee on relevant audit matters that should come to the attention of the Risk Committee.

The Risk Committee will refer to the Audit Committee any matters that have come to the attention of the Risk Committee that are relevant for the Audit Committee for noting or consideration, or which should be dealt with by that Committee.

A.3 Meetings

The Committee will meet at least four times per annum and otherwise as required.

The Chairperson of the Committee or the Chairperson of the Board may call a meeting of the Risk Committee at any time, or if so requested by any member of the Committee.

A quorum will consist of two members.

Members of the Committee will be available to meet with APRA on request.

The Committee may, if so required, hold meetings with Group Executive Group Risk and other management as required.

A.4 Committee Membership

The Committee should comprise non-executive members of the Board of Directors with the majority of members being independent directors in the assessment of the Board under its Policy on Independence. The minimum number of members of the Committee is three.

Members should be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with legislative, regulatory or other relevant issues. Members should be given the opportunity to attend risk management training associated with the Bank's risk management programs.

New members should be provided with a copy of the Committee's Charter and other specific information about the Bank.

The Committee (including the Chairperson of the Committee) will be appointed by the Board of Directors, following consideration of recommendations from the Remuneration & Nomination Committee. Membership of the Committee will be reviewed by Board on an annual basis.

The Managing Director, Group Executive & Chief Financial Officer, Group Executive Group Risk, Treasurer and Company Secretary will be invited to attend meetings as required. Other management personnel will be invited to attend meetings as required.

A.5 Chairperson

The Chairperson of the Committee will be an independent non-executive Director of the Bank and be appointed by the Board. The Chairperson of the Board of Directors or the Audit Committee should not be the Chairperson of the Risk Committee.

The Chairperson of the Committee should report formally to the Board with a summary of the Committee's work and results. This should include the Committee's meetings, any formal recommendations of the Committee and other major issues of which the Risk Committee believes the Board should be informed.

Secretary

The Bank's Company Secretary or his/her designated representative shall be appointed Secretary to the Committee. The Secretary, in conjunction with the Chairperson, shall draw up an agenda, which shall be circulated to each member of the Committee, the Managing Director and others requested to attend any meeting, at least two working days prior to each meeting.

The Secretary should prepare the minutes of the Committee meetings.