### HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

## REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

## Australia and New Zealand Banking Group Limited

# ANZ59QW: Risk management

How regularly and with what specific frequency does the Bank's senior executives formally meet to address risk factors and ensure the implementation of risk mitigation factors?

Who is accountable at a senior executive level for the implementation of such risk mitigation mechanisms?

#### Answer:

The Bank's Senior Executives meet frequently (i.e. minimum quarterly) in formal Risk Management Committees. Attached is the Committee framework for reference. The framework has been designed to ensure all material risks have appropriate coverage and charters are established to ensure clarity in roles and responsibilities.

The Chief Risk Officer is responsible for the ANZ Group's Risk Management, overseeing our global Credit, Market and Operational Risk and Compliance teams as well as risk related strategies, policies and processes.

Accountability in relation to risk mitigation is determined by where the risk has been identified and where the mitigation needs to occur. For example if the risk is specific to a certain Business Division or Country then the Executive for this area and their Leadership team will be responsible for implementation. Escalation of significant risks and associated remediation to respective Risk Management Committees is also required under the Banks Risk Management Framework.

#### **ANZ Board of Directors** ANZ CEO **Audit Committee Risk Committee** Environmental, Sustainability Responsible for reviewing the effectiveness of ANZ's financial & Governance Committee Assist the Board in the effective discharge of its responsibilities for Responsible for Board succession, reporting, internal controls, prudential business, market, credit, equity and other investment, financial, approval of corporate governance policies and principles supervision procedures required by regulatory bodies for financial operational, liquidity, compliance and reporting and integrity of Internal reputation risk management Audit **Executive Committee** Credit and Market Risk Reputation Risk Committee Group Assets and Liability Committee (GALCO) Operational Risk Executive Committee (CMRC) • RRC is responsible for Committee (OREC) assisting ANZ businesses, Risk, Corporate Affairs and • GALCO is responsible for the · CMRC is responsible for the OREC is responsible for oversight and control of oversight and strategic management of the ANZ's balance sheet, liquidity and oversight of the operational Legal in partnership to risk and compliance risk, credit and market risk effectively manage reputation expected and unexpected risk Chaired by CRO risk in relation to funding positions and capital profile and the related control environmental, social, management activities. environment business and regulatory · Chaired by CFO Chaired by CRO issues in the regions in which ANZ operates · Chaired by CRO

#### ANZ Divisional and Country Risk Management Committees

• Divisional Risk Management Committees responsible for oversight of risk management by the Regions/Countries/businesses · Chaired by Divisional CROs

- Business Unit Risk Forums for Lines of Business across all ANZ businesses
  Regional/Country/Business Unit Risk Management Forums are responsible for oversight and management of risks within the business units and escalation of material risks
  - · Chaired by Business Heads who are normally members of Divisional Risk Committees