

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ61QW: Risk management

Does the Bank consider it sufficient to have a review of risk management frameworks "at least every three years" in the context of recent scandals. If so why?

Answer: Under existing APRA prudential standard CPS 220, the Bank's Risk Management Framework (RMF) is subject to a number of regular in depth reviews:

- An annual review of the Risk Management Framework (RMF), which is currently undertaken by our Internal Audit team. Outcomes of these reviews are reported to the Bank's Audit Committee.
- Every three years a comprehensive review is undertaken to assess the appropriateness, adequacy and effectiveness of the Bank's RMF. The associated report and recommendation will be provided to Board Risk Committee, Audit Committee and to APRA.

Further, elements of the RMF are subject to review by both internal and external parties, as required for internal purposes or by other supervisory bodies (eg ASIC, Monetary Authority of Singapore, Hong Kong Monetary Authority).

Additional or more frequent review of the Bank's RMF would appear duplicative to existing activities.