

CHARTER OF THE RISK AND AUDIT COMMITTEE OF THE SUPERVISORY BOARD

This charter governs the Risk and Audit Committee of the Supervisory Board (the “RAC Charter”) of Commonwealth Bank of Australia (Europe) N.V. (“CBA NV”) was adopted by the Supervisory Board of CBA NV (the “Supervisory Board”).

1. Role of the Committee

- 1.1 The Risk and Audit Committee (“RAC”) of the Supervisory Board of CBA NV (“Supervisory Board” or “SB”) has been established to assist the Supervisory Board in discharging its responsibilities on a range of matters, as set out in this charter.
- 1.2 The Supervisory Board has delegated authority to the RAC to fulfil its assigned responsibilities and may adjust delegations to the RAC from time to time.
- 1.3 RAC members will meet with relevant regulatory bodies upon request.

2. Composition of the RAC

- 2.1 The Supervisory Board appoints the members and Chair of the RAC from the SB membership.
- 2.2 The RAC will consist of at least 3 members, a majority of whom must be independent meeting the same criteria as for SB member independence.
- 2.3 At least one of the members of the RAC must have financial expertise.
- 2.4 At least one member of the RAC must have experience in identifying, assessing and managing risk exposures of credit institutions.
- 2.5 Between all members, the membership must have the necessary technical knowledge and sufficient understanding of banking and financial services to be able to discharge the RAC’s responsibilities.
- 2.6 The Company Secretary of the CBA NV, or such other person as the Supervisory Board may nominate, will act as RAC Secretary, who, among other things, will take minutes of every meeting.

3. Role of the Chair of the RAC

- 3.1 The RAC Chair must not be the Supervisory Board Chair or Chair of any other of the CBA NV’s Supervisory Board Committees.
- 3.2 The RAC Chair is responsible for leading the RAC and oversee the processes for the RAC’s performance of its role in accordance with this Charter.
- 3.3 The RAC Chair is responsible for leading the RAC and oversee the processes for the RAC’s performance of its role in accordance with this Charter. The Supervisory Board Chair, a former member of the Management Board and/or any other of the Chairs of the CBA NV’s Supervisory Board Committees may not be appointed as RAC Chair.
- 3.4 The RAC Chair’s responsibilities include, but are not limited to:
 - Fostering an open, inclusive and, where appropriate, challenging discussion by the RAC;
 - Setting the agenda with the RAC Secretary; and
 - Liaising with the Chief Financial Officer (CFO), Chief Risk Officer (CRO), Internal and External Auditors and other officers or advisors to obtain the information necessary to enable effective decision-making.

4. Meetings of the RAC

- 4.1 The RAC will meet at least four times per year. Two meetings shall take place immediately prior to the submission of the annual and half-yearly financial statements to the Supervisory Board.
- 4.2 In addition, any member of the RAC may, in consultation with the chair of the RAC, call an unscheduled meeting.
- 4.3 The presence of half of the members of the RAC (rounded upwards if not a whole number) will constitute a quorum. It must be at least two members.

- 4.4 To the extent that the RAC does not determine otherwise, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO) of the CBA NV's Management Board, the Internal and External Auditor and the General Counsel shall attend the meetings of the RAC. Others may attend the RAC meetings on the invitation of the RAC Chair.
- 4.5 All Management Board members will have access to RAC papers and may attend RAC meetings.
- 4.6 The RAC will meet periodically, at least half yearly, and separately with the Internal and External Auditors without Management Board members present.

5. Access, reliance and advice

- 5.1 The RAC will have free and unfettered access to any relevant internal and external party and information, and may make any enquiries necessary to fulfil its responsibilities.
- 5.2 The Internal Auditor has a direct reporting line to the RAC, while maintaining an administrative reporting line to the CEO and CBA Group Auditor. Consequently, the Internal Audit function reports directly to the RAC through the RAC Chair and has free access to the RAC Chair.
- 5.3 The RAC may obtain independent advice at the CBA NV's expense with prior approval of the Supervisory Board Chair. This includes engaging independent experts.

6. Responsibilities of the RAC

The RAC is responsible for:

6.1 Financial Reporting

- 6.1.1 Reviewing significant accounting and financial reporting processes and issues, including changes to the accounting standards and regulatory requirements and their impact on the financial statements.
- 6.1.2 Reviewing, assessing and recommending to the Supervisory Board for approval the half and full-year financial statements of CBA NV and any accompanying reports, following discussion with management and the External Auditor. In discharging this responsibility, the RAC will focus on:
- Consistency in application of accounting policies and adherence to accounting standards and other reporting requirements;
 - Assessing the need for, appropriateness of, and correct disclosure of, any changes made to the CBA NV's existing accounting policies;
 - The accounting treatment for, and disclosure of, significant, complex or unusual transactions;
 - The appropriateness of significant judgments made by management in preparing the financial statements; and
 - Whether the CBA NV's financial statements provide a true and fair view of the financial position and performance of the CBA NV
 - The administrative organisation, financial reporting process and internal controls related to the financial reporting of the CBA NV, including the applications of information and communication technology;
- 6.1.3 Obtaining assurance over the effectiveness of the processes and controls adopted for the CBA NV's financial reporting obligations to the local regulator from management and the External Auditor and considering the adequacy of the assurances.

6.2 Internal Control

- 6.2.1 Overseeing management's design and implementation of the CBA NV's internal control framework and the processes for assessing the effectiveness of the CBA NV's internal controls.
- 6.2.2 Obtaining assurance from Management Board, the Internal Auditor and the External Auditor on a periodic basis, and reporting to the Supervisory Board, on the adequacy and effectiveness of the CBA NV's internal control framework and implementation of that framework.
- 6.2.3 Monitoring the timely resolution of significant internal control deficiencies identified by the Internal Auditor, the External Auditor, Management or regulators.
- 6.2.4 Reviewing facilities for the receipt, management and handling of complaints regarding accounting, internal accounting controls or audit issues, including procedures enabling employees

to raise concerns, confidentially and anonymously, about questionable financial reporting and accounting or deficiencies in the internal control and the Internal Audit and External Auditor;

6.2.5 Supervising the application of information and communication technology in respect of financial reporting

6.3 **Internal Auditor and Internal Audit**

6.3.1 Reviewing and assessing and recommending to SB for approval (i) the appointment and the removal of the Internal Auditor; (ii) the Internal Audit Charter; and (iii) the CBA NV's annual Internal Audit plan and budget, including any significant changes.

6.3.2 Receiving and reviewing regular reports from Internal Audit on Internal Audit activity and its results, the timeliness and adequacy of Management Board's responses and progress in resolving the outstanding audit findings.

6.3.3 Assessing, at least annually, the adequacy, independence, and effectiveness of Internal Audit and providing feedback to management. At the RAC's discretion and at least once every three years, obtaining an external, independent assessment on Internal Audit's adequacy and effectiveness. Reviewing the performance of the Internal Auditor.

6.3.4 Ensuring the Management Board meets their obligation (i) to inform the Internal Auditor at an early stage of any new developments within the institution and all associated risks and (ii) to take into consideration the Internal Audit findings and recommendations.

6.3.5 Assessing quality of Internal Audit reports. The RAC will require the Internal Auditor to provide the RAC with a copy of all Internal Audit and CBA Group Internal Audit Function reports where CBA NV's auditable matters, including any and all outsourced activities, were in scope to be able to review and query all the reports or a selection based on their judgement.

6.4 **External Audit**

6.4.1 Recommending the appointment or removal of the External Auditor to the Supervisory Board for shareholder approval.

6.4.2 Reviewing, assessing and recommending to SB for approval (i) the scope and terms of the annual audit services engagement; (ii) the engagement fee for the External Auditor for audit and non-audit services; and (iii) the rotation of the External Auditor as required by law or other applicable rules.

6.4.3 Reviewing, assessing and recommending to SB for approval all audit, audit-related and non-audit services of the External Auditor, including its annual audit plans.

6.4.4 Assessing, at least annually, the performance, adequacy, effectiveness and independence of the External Auditor.

6.4.5 Reviewing, assessing and recommending to SB for approval changes to the CBA NV's policy on the External Auditor independence.

6.4.6 Reviewing the half-year and annual audit review and audit reports over the financial statements and other internal controls and regulatory reports issued by the External Auditor, and seeking confirmation that management has responded appropriately to the findings and recommendations.

6.4.7 Reviewing, assessing and recommending to SB for approval, on an annual basis, the External Auditor Services Policy ("Policy"), and reviewing reports from management and the External Auditor on compliance with the Policy.

6.4.8 Reviewing and recommending to the Supervisory Board for approval the provision of non-audit services provided by the External Auditor (including whether the provision of non-audit services is compatible with auditor independence requirements) for inclusion in the annual report.

6.4.9 Evaluates, at least once every four years, the performance of the External Auditor and the scope of the audit(s) to be performed and makes recommendations to the Supervisory Board regarding the nomination of the External Auditors, their remuneration and, if necessary, their dismissal; in doing so, the RAC shall advise the Management Board.

6.4.10 Annually discusses with the External Auditor, their performance, the scope and materiality of the audit plan, the principal risks identified in the audit plan, and the findings and outcomes of the audit work on the financial statements and the management letter;

6.4.11 The chair of the RAC is the first point of contact of the External Auditor.

6.5 **Risk Management Framework and Risk Management**

- 6.5.1 Reviewing the results of the annual review conducted by the Internal Auditor and/or the External Auditor, into the compliance with, and the adequacy and effectiveness of, the Risk Management Framework (“RMF”).
- 6.5.2 Overseeing the design, implementation and operation of the RMF (including key controls), and reviewing reports on the RMF to ensure its operation within the risk appetite set by the Supervisory Board.
- 6.5.3 Reviewing and recommending to the Supervisory Board approval of, and changes to, the Risk Appetite Statement (“RAS”).
- 6.5.4 Monitoring, and reporting to the Supervisory Board on, the CBA NV’s current and future risk profile as assessed against the RAS and the implications of such an assessment for either varying risk limits or recommended management actions.
- 6.5.5 Monitoring, and reporting to the Supervisory Board on, new and emerging sources of risk and the controls and mitigating measures put in place to deal with those risks.
- 6.5.6 Overseeing the design of the Risk Strategy (as embedded in the RMF) and reviewing and recommending to the Supervisory Board for approval the Risk Strategy (as embedded in the RMF).
- 6.5.7 Reviewing, assessing and recommending to SB for approval the key risk frameworks and policies (including material changes to those frameworks or policies) relating to the CBA NV’s material risk types, other than those that require, or are reserved for, Supervisory Board approval or which have been delegated to management.
- 6.5.8 Overseeing management’s implementation and the operation of the systems, policies and processes supporting the Risk Strategy (as embedded in the RMF).
- 6.5.9 Receiving and reviewing reports from management or any Board Committee on (i) any significant breaches of, or material deviation from, the RMF; (ii) any material incident involving fraud or a break-down of risk controls; and (iii) relating to the resolution of significant risk matters and incidents, and monitoring management’s remediation plans.
- 6.5.10 Reviewing information on risk-related issues and identifying any thematic issues that require attention.
- 6.5.11 Reviewing the annual Risk Management Declarations (“RMD”) ahead of the RMD being considered by the Supervisory Board.
- 6.5.12 Receiving and reviewing a triennial report (or more frequently if required) on the appropriateness, effectiveness and adequacy of the RMF to satisfy SB that the RMF continues to be sound and that the CBA NV is operating in accordance with the risk appetite set by the Supervisory Board.
- 6.5.13 Constructively challenging management’s proposals and decisions on aspects of risk management and compliance matters arising from the CBA NV’s activities.
- 6.5.14 Reviewing a report from management during the RMD process, for subsequent consideration by the Supervisory Board, to ascertain if the RAC and Supervisory Board have fulfilled their prudential and other relevant compliance responsibilities (including under the relevant Charters), and addressing any actions arising from the report.
- 6.5.15 Reviewing the CBA NV’s public disclosures on risk and risk management.
- 6.5.16 Managing the process to ensure the Supervisory Board is able to satisfy its obligations in respect of risk culture under prudential requirements.

6.6 **Compliance**

- 6.6.1 Reviewing, assessing and recommending to SB for approval the Operational Risk and Compliance Management Frameworks.
- 6.6.2 Overseeing the part of the RMF implemented to effectively manage the CBA NV’s compliance risks.
- 6.6.3 Reviewing reports from management on (i) the effectiveness of the Compliance Management Framework; and (ii) the compliance processes that are in place to anticipate and effectively manage the impact of regulatory change on the CBA NV’s operations.
- 6.6.4 Advise the Supervisory Board on (i) policies and procedures of CBA NV and applicable laws and regulations related to risk and risk management, with the exception of those applicable to financial

reporting and the financial reporting process, and (ii) the appointment of external consultants that the Supervisory Board may decide to engage for advice or support.

6.7 **Insurance matters**

Oversee the adequacy of the CBA NV's insurance program, in adherence to CBA NV's business and the insurable risks.

6.8 **Remuneration**

Assessing, and reporting to the SB, at least annually, any risk matter that warrants the Supervisory Board's consideration, including risk, capital, liquidity and timing of earnings, in recommending variable remuneration award or other outcomes for the MB and other personnel within the remit of the SB.

6.9 **Risk Management Function**

Monitoring the ongoing effectiveness and independence of the CRO, and also monitor the ongoing effectiveness of the CBA NV's risk function, including adequate resourcing.

7. **Standard Delegation**

7.1.1 The RAC Chair is delegated the authority to review, assess and recommend to SB for approval changes to the annual audit plans of the Internal Auditor and will report any exercise of the delegation at the RAC's next meeting.

7.1.2 The RAC delegates authority to the:

- RAC Chair to review, assess and recommend to SB for approval the engagement of the External Auditor to carry out an External Auditor Service in accordance with the limits specified in the relevant policy; and
- CFO to review, assess and recommend to SB for approval the engagement of the External Auditor to carry out an External Auditor Service in accordance with the limits specified in the relevant policy.

7.1.3 The RAC Chair and the CFO must report the details of any exercise of authority delegated to the RAC on a quarterly basis.

8. **Reporting**

8.1 Minutes of RAC meetings will be made available to all members of the Supervisory Board.

8.2 The RAC Chair will report on the business of RAC meetings to the Supervisory Board and convey RAC recommendations.

9. **RAC performance and Charter review**

9.1 The RAC will assess, at least annually, its performance and the fulfilment of its responsibilities under the Charter (including having an external review every three years).

9.2 The RAC will review, at least annually, the adequacy of this Charter and recommend amendments to the Supervisory Board for approval.