



Operational Risk Policy Summary

Why does ANZ have this policy?

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and/or systems or from external events. The purpose of this policy is to set out the core principles of the way in which operational risk is measured and managed.

How does this policy apply at ANZ?

This policy applies to all employees and contractors of Australia and New Zealand Banking Group Limited and its controlled entities.

The implementation of this policy is supported by global procedures, and all employees and contractors complete mandatory training, repeated every three years.

Breaches of this policy may lead to disciplinary action, including dismissal.

Key obligations

Under this policy:

- ANZ governs operational risk management using a dedicated and independent operational risk management function and an executive committee for oversight of operational risk.
- ANZ believes risk management is everyone's responsibility and encourages a culture of prompt escalation, supported by clearly articulated roles and responsibilities.
- ANZ's Board sets the operational risk boundaries within which the business must operate to set its strategy.
- ANZ periodically assesses exposure to material operational risks and the key controls in place for managing them.
- ANZ incorporates analysis of loss, incident and control failure into improving the underlying control environment, including continuity plans that enable it to operate in the event of severe business disruption.
- ANZ holds capital commensurate with its operational risk and maintains processes for calculating and monitoring of material changes to capital exposure.
- ANZ maintains a comprehensive and sustainable approach for monitoring and reporting relevant operational risk data, and monitors material changes to operational risk exposure.
- ANZ has review processes to continuously evaluate the effectiveness of operational risk measurement and management to meet organisational needs and regulatory requirements.
- ANZ integrates day to day operational risk management with outputs from the operational risk measurement processes.

Role of the Operational Risk Executive Committee

The Operational Risk Executive Committee will:

- Ensure that appropriate processes are in place for operational risk management
- Ensure that roles and responsibilities for operational risk management are clearly defined
- Monitor compliance with this policy
- Ensure ANZ stays within its operational risk boundaries.

Last review: June 2012

Reviewed annually by: Group Risk