

HEARTLAND
GROUP

RISK COMMITTEE CHARTER

Introduction

- 1 This charter sets out the role, composition and responsibilities of the Board Risk Committee (**BRC**), a committee established by the Board of Heartland Group Holdings Limited (**HGH**) (**Board**).

Purpose

- 2 The purpose of the BRC is:
- (a) to advise the Board on the formulation of its risk appetite; and
 - (b) to provide the Board with assurance that all risks within the key risk categories which are relevant to Heartland Group Holdings Limited and its subsidiaries have been appropriately identified, managed and reported to the Board.

Authority

- 3 The Board authorises the BRC, as the BRC considers necessary in performing its duties:
- (a) to investigate any matter relevant to its purpose;
 - (b) to seek any information it requires from the Chief Executive Officer (**CEO**), Chief Financial Officer (**CFO**), Chief Risk Officer (**CRO**), Treasurer, Group General Counsel, a Head of Credit or, via the CEO, from any other employee, officer or external advisor;
 - (c) to obtain, at the expense of HGH, external legal or other independent professional advice; and
 - (d) to arrange, at the expense of HGH, for external legal advisors or other independent parties with relevant experience or expertise to attend any meeting of the BRC.
- 4 The BRC will not take action or make any decision on behalf of the Board unless the Board has delegated its authority to do so to the BRC. However the Board may consider the advice and recommendations of the BRC.

Membership

- 5 The BRC will be appointed by the Board and will be made up of at least three directors:
- (a) all of whom must be non-executive directors; and
 - (b) the majority of whom must be independent directors.
- 6 The Chair of the BRC will be appointed by the Board and will be an independent director of HGH who is not the Chair of the Board.
- 7 If the Chair of the BRC is absent from a meeting, the members of the BRC present will appoint a chair for that particular meeting.
- 8 To ensure the flow of relevant information, there will always be some common membership between the BRC and the Board Audit Committee.

Attendance

- 9 Directors who are not members of the BRC are entitled to attend BRC meetings and receive copies of the papers.
- 10 The CRO, CFO and Head of Internal Audit (or his or her nominee, subject to the Chair's prior approval) will attend all BRC meetings.

11 The BRC will appoint an appropriate person to act as the BRC secretary.

Meetings

12 The BRC shall meet every second month or more frequently if so required.

13 A quorum for a meeting shall be three members of the BRC.

14 The Chair may, in his or her discretion, delegate the BRC's authority to approve any matter to a group made up of not less than three members of the BRC, including two independent directors.

15 The Chair shall, to the extent possible, act as the liaison between management and the BRC.

16 An agenda and supporting documentation for each meeting shall be prepared and circulated to all members of the BRC and attendees within a reasonable period in advance of each meeting.

17 The secretary of the BRC will circulate the minutes of each BRC meeting to BRC members, the Board, and as appropriate, attendees within a reasonable period following the meeting.

18 Copies of the minutes of each BRC meeting, together with such reports received by the BRC as are deemed appropriate, will be included in the next Board report provided to the Board. The Chair of the BRC will report the Committee's findings and recommendations to HGH.

Responsibilities and Duties of the Board Risk Committee

19 Management is responsible:

- (a) for ensuring that the BRC is informed of all matters relevant to its purpose;
- (b) for providing assurance in respect of those matters, where required;
- (c) for the quality and integrity of that information and assurance; and
- (d) for implementing and maintaining appropriate risk management principles, processes and internal controls.

20 Subject to those responsibilities of management and to any resolution of the Board, the delegated powers, responsibilities and duties of the BRC are set out in this clause 20.

- (a) To advise the Board on the formulation of the Board's risk appetite at least annually.
- (b) To review any reports, policies, standards, other risk documents or matters, or minutes which have been prepared by or in respect of the Heartland Bank Board, Risk Committee, or Executive Risk Committee as it may see fit, and to advise the Board in relation thereto.
- (c) To advise and make recommendations to the Board as to the key parameters which should apply to the following matters for its subsidiary, Heartland Bank Limited:
 - (i) ICAAP;
 - (ii) delegated authorities;
 - (iii) risk appetite; and
 - (iv) stress testing.

21 The BRC will refer to the Board Audit Committee any matters that come to the attention of the BRC that are relevant for the Board Audit Committee's consideration.

Review of the Committee

- 22 The Board shall undertake a regular review, at least annually, of the BRC's performance, objectives and responsibilities.
- 23 The BRC may recommend to the Board any amendments to this charter.

Version History

Version	Date	Approver	Amendments
1.0	September 2018	Board	New Charter
2.0	March 2019	Board	To amend the charter to solely apply to the Risk Committee