Risk Appetite Statement

Risk Management | Global

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Replace all references to “the Company” with your organisation’s name.

Document Control

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Contents

1. Purpose

This Risk Appetite Statement (RAS) articulates the aggregate level and types of risk the Board of Directors of the Company is willing to accept, or requires to be avoided, in pursuing the Company's strategic objectives and business plan. It is the Board's core instrument for aligning strategy, capital, liquidity and risk-taking, and is prepared in accordance with the FSB Principles for an Effective Risk Appetite Framework and the BCBS Corporate Governance Principles for Banks.

For each material risk class, this Statement sets out a qualitative appetite statement together with quantitative metrics, risk tolerances, reporting triggers and, where relevant, limits. These settings define the boundaries within which management must operate, the points at which enhanced monitoring and escalation are required, and the points beyond which exposure is unacceptable and must be remediated and reported to the Board.

This Statement is approved by the Board of Directors, which owns the appetite it expresses. The Chief Risk Officer (CRO) is the owner of this document and is accountable for maintaining it and for recommending any change to the Board through the Board Risk Committee. It operates within the Company's Risk Management Framework, which describes the architecture through which risk is governed; it is implemented through the material risk policies and management strategies, which describe how each material risk is identified, measured and managed; and it relies on the behaviours promoted by the Risk Culture Framework. Those documents should be read alongside this Statement, which does not repeat their content.

2. Scope

This Statement applies to the Company and all of its controlled entities, and to all directors, officers, employees, contractors and secondees (together, staff). It applies to all business activities, products, portfolios, channels and geographies, including activities performed by service providers on the Company's behalf.

This Statement covers all material risk classes identified in section 7. Risk limits allocated by management within the tolerances in this Statement are recorded in the risk appetite metrics register maintained by the Chief Risk Officer (CRO) in the form set out in Appendix A.

- This Statement sets appetite, tolerances, triggers and monitoring obligations; it does not describe the risk governance architecture, which is set out in the Risk Management Framework.
- The approach to identifying, measuring and managing each material risk is set out in the material risk policies and management strategies, not in this Statement.
- Expectations of behaviour, leadership and culture that support operating within appetite are set out in the Risk Culture Framework.

No exemption from this Statement may be granted by management. Where a legal, regulatory or contractual obligation conflicts with this Statement, the CRO

must escalate the conflict to the Board Risk Committee within [5] business days, and the legal or regulatory obligation prevails pending the Board's decision. The Board Risk Committee must consider the conflict at its next scheduled meeting, or earlier if its Chair considers the matter urgent, and must recommend to the Board either an amendment to this Statement or a change to the affected activity; the Board must determine the matter at or before its next scheduled meeting. Where the conflict concerns the conduct of the CRO, the Chief Executive Officer must make the escalation instead.

Jurisdictional application. This Statement reflects international standards and best practice, including the FSB Principles for an Effective Risk Appetite Framework, the Basel Framework, COSO ERM and ISO 31000. It is not drafted against the law of any single country. The Company must map the requirements of this Statement to the laws and regulatory requirements of each jurisdiction in which it operates, including any prudential rules governing risk appetite and risk management, and where applicable local law or regulation imposes a stricter or additional requirement, that local requirement prevails over this Statement.

3. Definitions

Term	Definition
Risk Appetite	The aggregate level and types of risk the Board is willing to accept, or to avoid, within the Company's risk capacity and in pursuit of its strategic objectives and business plan, as articulated in the Risk Appetite Statement consistent with the Financial Stability Board Principles for an Effective Risk Appetite Framework.
Risk Appetite Framework (RAF)	The overall approach, consistent with the FSB Principles for an Effective Risk Appetite Framework, through which risk appetite is established, communicated, cascaded and monitored across the Company, comprising the relevant policies, processes, controls and systems, the Risk Appetite Statement, risk limits, and the roles and responsibilities of those who implement and monitor them.
Risk Appetite Statement (RAS)	The Board-approved document, maintained under the Company's risk management framework, that articulates the nature and level of risk the Company is willing to accept in pursuit of its strategic objectives, comprising qualitative appetite statements and quantitative metrics, limits, tolerances and triggers for each material risk class.
Risk Capacity	The maximum level of risk the Company can assume given its capital, liquidity,

	funding and operational capabilities, and before breaching regulatory constraints or its obligations to depositors, customers and other stakeholders. Risk appetite must always be set within risk capacity.
Risk Tolerance	The Board-approved quantified boundary of acceptable variation in exposure for a specific risk class or metric, set within the overall risk appetite and recorded in the Risk Appetite Statement; exposure beyond a risk tolerance is a breach requiring escalation.
Risk Limit	A binding, granular constraint on risk-taking allocated by management to a business unit, portfolio, desk, counterparty or product, set within the relevant Board-approved risk tolerance and operationalising the Risk Appetite Statement at the level where risk is taken.
Reporting Trigger	A threshold set inside a risk tolerance which, when reached, places the metric in Amber status and requires enhanced monitoring, escalation and pre-emptive management action before the tolerance is breached.
Material Risk	A risk that, alone or in combination with other risks, could have a material impact, financial or non-financial, on the Company's financial position, earnings, capital, liquidity, operations or reputation, or on the interests of its depositors and customers, as identified through the risk identification process described in the Risk Management Framework.
Risk Profile	A point-in-time assessment of the Company's actual gross and net risk exposures, by material risk class and in aggregate, measured against the appetite settings, limits, tolerances and triggers in the Risk Appetite Statement.
Key Risk Indicator (KRI)	A quantified, forward-looking metric with defined thresholds or tolerance levels used to monitor changes in the level or trend of a risk exposure or in control effectiveness, and to trigger escalation and management action where risk appetite may be approached or breached.
RAG Status	The Green, Amber or Red classification assigned to each metric by comparing actual exposure with its reporting trigger

	and risk tolerance.
Breach	A failure, whether by act or omission, to comply with a mandatory requirement applicable to the Company, including a compliance obligation, a requirement of an approved policy where no exception has been approved in advance, or a Board-approved risk tolerance or limit, regardless of intent, materiality or subsequent justification.
Path-to-Green Plan	A time-bound remediation plan, owned by the accountable executive, setting out the actions, milestones and target date by which a metric in Amber or Red status will be returned to within appetite.
Metric Owner	The executive accountable for the performance of a specific risk appetite metric, including the accuracy of reported data and delivery of any Path-to-Green Plan.
Senior Manager	A person, other than a director, who holds senior executive responsibility for the Company or for a significant business unit or control function, including any person designated, registered or approved as such under the senior manager accountability regime applicable in the Company's operating jurisdiction(s) or, where no such regime applies, under the Company's own accountability arrangements.
Critical Operation	An activity, process or service performed by the Company, or by a service provider on its behalf, which, if disrupted beyond the Company's impact tolerance, would cause material harm to depositors, customers or counterparties, pose a risk to the Company's safety and soundness, or impair its role in the financial system, consistent with the BCBS Principles for Operational Resilience.
Zero-Appetite Event	An event for which the Board has no appetite under any circumstances; a single occurrence is a Red status breach requiring immediate escalation regardless of size.

End of preview

This is a preview extract. The complete document continues beyond the pages shown here.

The full document is supplied as a single, fully editable Microsoft Word (.docx) file immediately after purchase — including every remaining section, the definitions, the regulatory framework references and all appendices and templates.

Bracketed prompts such as [30 days] mark the points where your own thresholds, committee names and local regulatory references are inserted.

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