Risk Management Strategy

Risk Strategy | Global

Version 2.0 · July 2026 · Confidential — Internal Use

This document is a template intended to be reviewed, tailored and approved by your organisation before use.
Replace all references to “the Company” with your organisation’s name.

Document Control

Document name	Risk Management Strategy
Document type	Risk Strategy
Jurisdiction	Global
Owner	Chief Risk Officer
Approved by	Board of Directors
Version	2.0
Effective date	July 2026
Review cycle	Annual
Next review due	July 2027
Classification	Confidential — Internal Use

Contents

1. Purpose

This Risk Management Strategy (RMS) identifies each of the material risks to which the Company is exposed and describes the strategy the Company applies to manage each of them. For every material risk it sets out how the risk arises, how it is identified, measured, evaluated, monitored, reported and controlled or mitigated, and the policies, limits, functions and governance arrangements that give effect to that management. It is prepared and maintained in accordance with international standards and guidance on enterprise risk management, including ISO 31000, the COSO Enterprise Risk Management framework and the BCBS Corporate Governance Principles for Banks, and with any requirement of the Company's prudential regulator for a documented risk management strategy.

The RMS is one of four related documents that together direct risk management in the Company. The Risk Management Framework describes the architecture, governance structures and components of the framework, including the three lines model and the risk taxonomy; the Risk Appetite Statement sets the Board's appetite, limits, tolerances and triggers for each material risk; and the Risk Culture Framework sets the expectations and mechanisms for building and assessing risk culture. This RMS does not repeat that content: it connects the Company's material risks to the specific management approach, functions and documents that address each of them, and must be read together with those three documents.

The objectives of this RMS are to ensure that all material risks are identified and managed within Board-approved appetite; that the Board, senior management and, where applicable, the Company's prudential regulator have a clear and current view of how each material risk is managed and by whom; and that the Company's risk-taking remains aligned with its business plan, capital and liquidity position and strategic objectives.

This RMS is approved by the Board of Directors on the recommendation of the Board Risk Committee. It is owned by the Chief Risk Officer, who is responsible for maintaining it and, where the Company's prudential regulator requires lodgement of the risk management strategy, for providing the approved document and any materially revised version within [the timeframe required by the Company's prudential regulator, e.g. 10 business days] of Board approval.

2. Scope

This RMS applies to the Company and all entities it controls, and to all directors, officers, employees, contractors and secondees (together, staff), wherever located. It covers all business lines, products, channels, projects and activities, including activities performed for the Company by service providers, and applies to risks arising on and off the balance sheet.

The RMS covers all material risks identified through the processes described in the Identification and Classification of Material Risks section, whether financial or non-financial, and applies to both current exposures and risks arising from new or

changed products, processes, systems, third-party arrangements and strategic initiatives.

Where a law, regulatory requirement or contractual obligation applying to part of the Company conflicts with this RMS, the legal or regulatory requirement prevails and the conflict must be reported by the accountable executive for the affected activity to the Chief Risk Officer within [5] business days of identification. The Chief Risk Officer must determine the treatment of the conflict within a further [10] business days, record it in the exceptions register, and report any conflict that requires a continuing departure from this RMS to the Board Risk Committee at its next scheduled meeting, which must confirm, vary or reject that treatment. Where the conflict arises from a matter concerning the Chief Risk Officer or the Risk Management Function, it must instead be reported directly to the Chair of the Board Risk Committee, who must place it before that committee.

Any exemption from a requirement of this RMS may be granted only in writing by the Chief Risk Officer where the exemption is limited in scope and does not exceed [6] months, or by the Board Risk Committee for any material or ongoing exemption. Every exemption must state the requirement disapplied, the compensating controls to be operated, the accountable executive responsible for them, and an expiry date not exceeding [12] months, on which the exemption lapses unless it is re-approved by the authority that granted it. All exemptions must be recorded in the exceptions register maintained under the Exceptions and Override Policy; the Chief Risk Officer is the named owner of the entries in that register relating to this RMS and must report all open, renewed and lapsed exemptions to the Board Risk Committee [quarterly]. Where the number of open exemptions exceeds [X], or where any exemption relates to a material risk, the Chief Risk Officer must report the aggregate position to the Board Risk Committee at its next scheduled meeting with an assessment of whether this RMS itself requires amendment, and the Committee must decide whether exemptions are to be closed or the requirement varied. An applicant whose exemption is refused may refer the request once to the Board Risk Committee, whose decision is final; the requirement remains in force unless and until the exemption is granted.

Jurisdictional application. This RMS states international best practice drawn from the standards and guidance listed in the Regulatory Framework section. The Company must map the requirements of this RMS to the law and regulatory requirements of each jurisdiction in which it operates, including any requirement of its prudential regulator to maintain, lodge or attest to a risk management strategy, and must record that mapping in the obligations register, which is owned by the [Chief Compliance Officer]. The [Chief Compliance Officer] must review the mapping at least annually and report any unmapped or materially changed obligation to the Board Risk Committee at its next scheduled meeting. Where the law or regulatory requirements of a jurisdiction impose a stricter or additional requirement, the stricter requirement prevails over this document.

3. Definitions

Term	Definition
Risk Management Strategy (RMS)	The Board-approved document that identifies each of the Company's material risks and describes the approach, policies, functions and governance arrangements applied to manage each of them, forming a component of the Company's risk management framework.
Risk Management Framework (RMF)	The totality of systems, structures, policies, processes and people within the Company that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk, operating together as a single integrated system consistent with ISO 31000 and the COSO Enterprise Risk Management framework.
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.
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.
Inherent Risk	The level of risk inherent in an activity, process, function or auditable unit before taking into account the mitigating effect of any controls, assessed by reference to the likelihood of the risk occurring and the impact if it did.
Residual Risk	The level of risk that remains in an activity, process, function or auditable unit after taking into account the design and operating effectiveness of the controls that mitigate it.
Control	A policy, process, procedure, system, configuration, device, organisational arrangement or other practice designed

	and operated to maintain or modify risk, including preventive measures that stop a risk event or an instance of non-compliance from occurring and detective and corrective measures that identify it and reduce its impact.
Risk treatment	The selection and implementation of options for modifying a risk, consistent with ISO 31000, including accepting, avoiding, reducing, transferring or sharing the risk.
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.
Risk and Control Self-Assessment (RCSA)	The structured process by which business units identify their material risks, assess inherent risk, evaluate the design and operating effectiveness of key controls, determine residual risk against appetite and agree remediation actions.
Interest Rate Risk in the Banking Book (IRRBB)	The risk to the Company's capital, economic value and earnings arising from movements in interest rates affecting banking book positions, including repricing, yield curve, basis and optionality risk, as addressed by the Basel Committee on Banking Supervision (BCBS) standard on interest rate risk in the banking book.
Internal Capital Adequacy Assessment Process (ICAAP)	The Company's documented process, contemplated by Pillar 2 of the Basel Framework, for identifying and measuring all material risks, determining the capital needed to support them, and assessing, managing and maintaining capital commensurate with its risk profile and strategy, including under stress.
ILAAP	The Internal Liquidity Adequacy Assessment Process: the Company's process for assessing the adequacy of its liquidity and funding position and the robustness of its liquidity risk management, where required by the Company's prudential regulator.
Expected Credit Loss (ECL)	The probability-weighted estimate of credit losses on a financial instrument determined under IFRS 9, measured as the

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.

finance-policies.com