

Bell Financial Group

Group Risk and Audit Committee Charter

Bell Financial Group Ltd (ACN 083 194 763) (the “Company”)

Dated 2 October 2008

Bell Financial Group Ltd

Level 29
101 Collins Street
Melbourne Vic 3000
Australia
T +61 3 9256 8700
F +61 3 9256 8787
www.bellfg.com.au

Group Risk and Audit Committee Charter

Contents

1	Purpose and authority	1
1.1	Purpose	1
1.2	Authority	1
2	Role of the Committee	1
2.1	Role	1
3	Risk management responsibilities	1
3.1	Internal control and risk management	1
4	Reporting and audit responsibilities	2
4.1	External reporting	2
4.2	External audit	3
4.3	Internal audit and risk	4
4.4	Transactions involving related parties and potential conflicts	5
5	Membership	5
5.1	Composition and size	5
5.2	Chairperson	5
5.3	Technical expertise	6
5.4	Commitment of Committee members	6
5.5	Secretary	6
6	Committee meetings and processes	6
6.1	Meetings	6
6.2	Frequency and calling of meetings	6
6.3	Quorum	6
6.4	Decision making	6
6.5	Attendance by management and advisors	7
6.6	Agenda and documents	7
6.7	Access to information and advisors	8
6.8	Minutes	8
7	Committee's performance evaluation	9
8	Review and publication of charter	9

Group Risk and Audit Committee Charter

1 Purpose and authority

1.1 Purpose

The purpose of this Group Risk and Audit Committee charter is to specify the authority delegated to the Group Risk and Audit Committee (“**Committee**”) by the board of directors of the Company (“**Board**”) and to set out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is a committee of the Board established in accordance with the Company’s constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Board granted to it from time to time.

2 Role of the Committee

2.1 Role

The role of the Committee is to assist the Board in carrying out its risk management, accounting, auditing and financial reporting responsibilities, including oversight of:

- (a) the effectiveness the Company’s system of risk management and internal controls;
- (b) the integrity of the Company’s external financial reporting and financial statements;
- (c) the appointment, independence and competence of the Company’s external auditors;
- (d) the performance of the external audit functions and review of their audits; and
- (e) the performance of the internal audit and risk function including the performance of the Internal Audit and Risk Manager.

The performance of these functions will assist the Company to comply with the terms of its AFSL licence, the requirements of the Corporations Act and the Australian Securities Exchange (“**ASX**”).

3 Risk management responsibilities

3.1 Internal control and risk management

The Committee is responsible for:

- (a) considering a risk profile which describes the material business risks facing the Company including financial and non-financial matters and defines the Company’s risk exposure across all risk categories;

- (b) approving changes to the Risk Management Policy and notifying such changes to the Board;
- (c) reviewing and approving the Risk Management Framework, including policies and procedures, to ensure that material business risks are properly identified and managed and that appropriate systems of monitoring and control are in place;
- (d) ensuring that the responsibility for risk related functions is clearly defined;
- (e) ensuring that the key risks facing the Company are reported to the Board;
- (f) assessing and ensuring that there are internal processes for determining and managing key risk areas, as defined in the Risk Management Policy and Framework;
- (g) monitoring the levels of risk undertaken and material breaches of agreed risk limits, and defining priority to address those matters where more effective risk management is required;
- (h) receiving reports concerning all material litigation, frauds, theft, other losses and breaches of law;
- (i) examining and evaluating the effectiveness of the internal control system with management, external auditors, and the Internal Audit and Risk Manager and review actions to rectify risk related shortcomings;
- (j) making publicly available a description of the Company's Risk Management Policy and internal compliance and control system in the corporate governance section of the Company's website; and
- (k) promoting a widely shared control and risk management culture appropriate to the Company's business (this will include meeting periodically with key management, internal and external auditors and compliance staff to understand the Company's control environment).

4 Reporting and audit responsibilities

4.1 External reporting

The Committee is responsible for:

- (a) reviewing the appropriateness of the accounting policies and principles, any changes to those policies and principles and the methods of applying them to ensure that they are in accordance with the Company's stated financial reporting framework;
- (b) overseeing the preparation of financial reporting timetable and reviewing the results of external audits of these reports;

- (c) assessing significant estimates and judgments in financial reports by examining the processes used to make material estimates and judgments and making enquiries of external auditors and any internal auditors as to the basis for their conclusions on the reasonableness of management's estimates;
- (d) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (e) assessing (before publication) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (f) ensuring that a comprehensive process is established to capture issues relevant to the Committee's function for the purpose of continuous reporting to the ASX;
- (g) reviewing the completeness and accuracy of the Company's main corporate governance practices as required by the ASX Listing Rules;
- (h) assessing information from external auditors and the Internal Audit and Risk Manager that affects or relates to the quality of financial reports;
- (i) asking the external auditor for an independent judgment about the appropriateness, not just the acceptability, of the accounting principles used and the clarity of financial disclosure practices used by the Company;
- (j) assessing the management of non-financial information in documents to ensure the information does not conflict inappropriately with financial statements; and
- (k) recommending to the Board whether the financial statements should be signed based on the Committee's assessment of them.

4.2 External audit

The Committee is responsible for:

- (a) overseeing the procedures for the selection and appointment of the external auditor and for the rotation of the external audit engagement partners, having regard to the recommendations it receives management.
- (b) making recommendations to the Board on the appointment and removal of the external auditor;

- (c) agreeing the terms of engagement of the external auditor before the start of each audit;
- (d) monitoring the effectiveness and independence of the external auditor and periodically accessing their performance;
- (e) reviewing the external auditor's independence based on the external auditor's relationships and services with the Company and other organisations;
- (f) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence and, if required, developing policies for Board approval to ensure this does not occur;
- (g) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (h) reviewing the scope of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis;
- (i) discussing with the external auditor any significant disagreements with management irrespective of whether or not they have been resolved;
- (j) monitoring and evaluating management's response to the external auditor's findings and recommendations in respect of noted deficiencies, including by reference to the periodic reporting received from the Internal Audit and Risk Manager;
- (k) reviewing all representation letters signed by management and ensuring all information provided is complete and appropriate;
- (l) meeting with the external auditor without management present at least once a year; and
- (m) ensuring that the external audit partner is rotated at least every 5 years.

4.3 Internal audit and risk

The Committee is responsible for overseeing the internal audit and risk function including:

- (a) approving the appointment, terms of engagement and dismissal of the Internal Audit and Risk Manager;
- (b) reviewing the Internal Audit and Risk Manager's role, responsibilities and resources;
- (c) communicating its expectations to the Internal Audit and Risk Manager;

- (d) ensuring that the Internal Audit and Risk Manager has a reporting line directly to the Committee;
- (e) reviewing and approving the internal audit plan and related work program;
- (f) reviewing and approving the risk management plan and related work program;
- (g) reviewing the reports prepared by the Internal Audit and Risk Manager, which are to be tabled at each meeting of the Committee;
- (h) evaluating the effectiveness of the internal audit and risk management plans and work program and considering the implications of findings;
- (i) monitoring and evaluating management's responsiveness to the Internal Audit and Risk Manager's findings and recommendations;
- (j) assessing the performance, effectiveness and objectivity of the internal audit and risk function;
- (k) overseeing the co-ordination of the internal audit and risk function with the external auditor; and
- (l) meeting with the Internal Auditor and Risk Manager without other management present at least once a year.

4.4 Transactions involving related parties and potential conflicts

The independent director(s) on the Committee will review and monitor the propriety of related party transactions and transactions that may involve potential conflicts of interest.

5 Membership

5.1 Composition and size

The Committee will consist of:

- (a) at least one independent director;
- (b) a majority of non-executive directors; and
- (c) at least three members.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and removals are decided by the Board.

5.2 Chairperson

The chairperson of the Committee must be an independent non-executive director who is not the chairperson of the Board.

The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

5.3 Technical expertise

The Committee must be structured so that:

- (a) all members are financially literate, that is, are able to read and understand financial statements;
- (b) at least one member has financial expertise, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- (c) some members have an understanding of the industry in which the Company operates.

5.4 Commitment of Committee members

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

5.5 Secretary

The company secretary is the secretary of the Committee.

6 Committee meetings and processes

6.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

6.2 Frequency and calling of meetings

The Committee will meet at least quarterly and otherwise as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the Internal Auditor and Risk Manager or the chairperson of the Board.

6.3 Quorum

Two directors constitute a quorum for meetings of the Committee.

6.4 Decision making

Although normally decision are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman of the meeting having a second, casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.

6.5 Attendance by management and advisors

The Managing Director and Chief Financial Officer are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the Executive Chairman, the Internal Audit and Risk Manager and external auditors.

The Committee chairperson may also invite directors who are not members of the Committee, other senior managers and external advisors to attend meetings of the Committee. The Committee may request management and others to provide input and advice as is required.

6.6 Agenda and documents

The chairperson of the Committee determines the meeting agenda after appropriate consultation.

The secretary distributes the agenda and any related documents to all Committee members and other attendees before each proposed meeting.

The Agenda will include:

(a) Minutes and matters arising

Confirms previous minutes and monitor progress on any actions arising out of previous meetings.

(b) Credit

Consider summary reports of the Credit Risk Committee regarding compliance with credit risk policies across the different business divisions.

(c) Audit

The Internal Audit and Risk Manager will advise the Committee of:

- Conduct and findings of internal audits
- Conduct and findings of external audits and reviews
- Outstanding actions recommended by or agreed with auditors

(d) Risk

The Internal Audit and Risk Manager will advise the Committee of:

- Conduct and findings of risk management reviews
- Outcomes and issues arising from the review or risk management statements

- Material Outstanding actions.

(d) **Legal and compliance**

This will be a report from the Director of Compliance identifying:

- Current and pending litigation, disputes and complaints
- Licensing issues
- Market regulation (ASX and NSX)
- Financial Services industry regulation (ASIC)
- Other regulatory issues, including reportable breaches, regulatory inspections and AML/CTF
- Any other relevant issues concerning risk or compliance

(e) **New Business**

Any approvals under the new business policy will be tabled. The role of the Committee is to ensure that the appropriate signoff has been obtained. It is not expected that these will arise often.

6.7 Access to information and advisors

The chairperson of the Committee receives all reports between the external auditor and management and the Internal Audit and Risk Manager and management.

The Committee has the authority to:

- require management or others to attend meetings and to provide any information or advice that the Committee requires;
- access the Company's documents and records;
- obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- access management and external auditors and the Internal Audit and Risk Manager.

6.8 Minutes

The secretary will keep minute books to record the proceedings and resolutions of its meetings.

The chairperson of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

7 Committee's performance evaluation

The Committee will review its performance from time to time and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this charter.

8 Review and publication of charter

The Committee will review this charter from time to time and report to the Board any changes it considers should be made. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features are published in the annual report.

Approved by the Board on 2 October 2008