



# BOARD AUDIT COMMITTEE CHARTER

Current at February 2024

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## 1. Overview

- 1.1 The Board Audit Committee's focus is on the issues relevant to verifying and safeguarding the integrity of Auswide Bank's financial operations and reporting structure.
- 1.2 This charter sets out the scope of the Committee's duties and responsibilities in relation to Auswide Bank and its controlled entities.

## 2. Purpose

- 2.1 The purpose of the Committee is to:
  - (a) Assist the Board in discharging its corporate governance oversight responsibilities by providing an objective non-executive review of the effectiveness of Auswide Bank's:
    - (i) system of internal controls;
    - (ii) external audit;
    - (iii) internal audit function; and
    - (iv) appointment of external and internal auditors.
  - (b) Help maintain effective internal and external audit functions and communication between the Board and the external and internal auditors as well as other Board Committees.

## 3. Committee Composition

- 3.1 Auswide Bank's Board Audit Committee is a committee appointed by the Board of Directors. The Committee membership and the Chairman of the Committee will be determined by the Board. The Committee will consist of at least four independent non-executive Directors; the elected Chairman shall not be the Chair of the Board.
- 3.2 Should the Chairman of the Committee be absent from a meeting, the members of the Committee present will appoint a Chairman for that particular meeting.
- 3.3 Each member of the Committee must be financially literate and at least one member must have accounting or financial expertise (i.e. such a member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters). Each member of the Committee must also have an understanding of the banking and finance industry.
- 3.4 The Board will decide appointments, rotations and resignations within the Committee having regard to the Corporations Act 2001 (Cth) and APRA's Prudential Standard CPS 510 Governance. The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the Corporations Act 2001 (Cth). The Corporations Act states that the directors of a company may pass a resolution without a directors' meeting being held if all the directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. Separate copies of a document may be used for signing by directors if the wording of the resolution and statement is identical in each copy. The resolution is passed when the last director signs.

## 4. Committee Meetings

- 4.1 The Committee will hold at least four regular meetings per year and such additional meetings as the Chair of the Committee decides in order to fulfil its duties.
- 4.2 In addition, the Chair will call a meeting of the Committee if so requested by any member of the Committee, the external auditor, the internal audit service provider, or by the Chair of the Board. Other Directors are entitled to attend Committee meetings.
- 4.3 A quorum of a committee meeting will be two appointed committee members who must be present throughout the entirety of the meeting.
- 4.4 The Auswide Bank company secretary or a designate shall be appointed as secretary of the Committee.
- 4.5 The Secretary will prepare the agenda for Committee meetings. The agenda and supporting documentation will be made available to the Committee members and meeting attendees at least one week prior to each meeting. Committee papers prepared by management are to be relevant, clear, complete and concise. The Secretary of the Committee will circulate minutes of the meeting to members of the Committee and the Board.
- 4.6 Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 4.7 The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the Corporations Act 2001 (Cth).
- 4.8 Where approvals are required outside a meeting of the Committee, approval can be sought via circulation to the Committee members by email. A report is to be provided to the next meeting of the Committee detailing any approval outside of a meeting of the Committee.
- 4.9 The external auditor and internal audit service provider will be given notice of all Committee meetings and have the right to attend and speak.
- 4.10 The Chairman or Committee will meet with the external auditor upon completion of the annual accounts to discuss the findings of the audit.

## 5. Duties and Responsibilities

5.1 To fulfil its duties and responsibilities the Committee will complete the following in accordance with Prudential Standard APS310 - Audit and Related Matters:

### External Auditors

- (a) Review and select external auditors for recommendation to the Board of Directors;
- (b) Review external audit engagement letters and management letters;
- (c) Review the performance of external auditors and the non-auditing services which are provided;
- (d) Confirm the external auditor's independence in accordance with CPS510 - Governance and the Corporations Act;
- (e) Review the audit scope and use of resources;
- (f) Review with external auditor and management of the results of annual audits;
- (g) Address any significant queries in relation to variations from the standard accountancy principles, new accounting standards or regulatory reporting requirements, the quality of those principles and requirements, and disclosure procedures proposed to be adopted;
- (h) Review the key judgements adopted in the preparation of the financial statements; and
- (i) Overview financial control processes including:
  - i) an annual audit and half yearly review by the external auditor;
  - ii) a monthly review of financial performances compared to budget and forecasts; and
  - iii) analysis of financial performance and significant balance sheet items.

### Internal Auditors

- (a) Review and selection of internal auditors for recommendation to the Board of Directors;
- (b) Review of internal audit engagement letters and management letters;
- (c) Review of the performance of internal auditors;
- (d) Confirmation of the internal auditor's independence;
- (e) Review of internal audit program, scope and use of resources;
- (f) Review with internal auditor and management of results of internal audit reports; and
- (g) Oversight the progress of the internal audit and regularly reviews the internal audit Plan to ensure it covers relevant material risks.

### Risk Management

- (a) Review the risk management framework, and Internal Audit Plan to provide assurance that the Audit Plan covers major risks identified;
- (b) Liaise with the Board Risk Committee to provide assurance that major risk areas are addressed by at least one of the Committees; and
- (c) Liaise with APRA on finance and audit matters if required.

## Compliance

- (a) Review the findings of any examinations by regulatory agencies, and any auditor observations;
- (b) As considered necessary, obtain regular updates from management about compliance matters that are relevant to the Committee's responsibilities; and
- (c) Oversee APRA statutory reporting requirements.

## 6. Limitations of Responsibility

- 6.1 The Committee's principal function is one of supervision, oversight and monitoring. The Committee performs its principal function based on information provided to it by management. Without limiting the Committee's duties as described in this Charter, neither the Committee, as a committee, nor any member of it by virtue of being a member, has the duty to actively seek out activities occurring within the Group that are not compliant with the Group's policies and procedures, although they have a duty to act promptly if any such activity comes to their attention.
- 6.2 The committee is not responsible for:
- (a) Conduct auditing - It will remain the external auditors and internal auditor's responsibility, in consultation with management, to plan and conduct audits, although the Committee does review audit plans; and
  - (b) Determining that Auswide Bank's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. This is the Board's responsibility, in consultation with management and the external auditor.

## 7. Reporting Lines

The Board Audit Committee will report all material matters to the Board within a timeframe appropriate to the seriousness of the risk.

## 8. Review of the Charter

At least annually, a review of this Charter and its continuing adequacy shall be performed together with an evaluation of the Committee's performance as it relates to the requirements of this Charter.

The Committee will recommend to the Board any proposed amendments to this Charter.