



BOARD AUDIT COMMITTEE CHARTER

Current at 1 April 2015

Table of Contents

1 PURPOSE AND COMPOSITION OF THE BOARD AUDIT COMMITTEE 2

2 FINANCIAL REPORTS 2

3 MEETINGS 2

4 OBJECTIVES 2

5 INTERNAL AUDIT..... 3

6 EXTERNAL AUDITOR..... 3

7 INTERNAL CONTROL..... 3

8 APRA STATUTORY REPORTING..... 4

1 PURPOSE AND COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Audit Committee's focus is on the issues relevant to verifying and safeguarding the integrity of Auswide Bank's financial operations and reporting structure. Currently the Audit Committee is comprised of the 4 independent directors, with an independent Chairman who is not Chairman of the Board.

A quorum for meetings of the Committee consists of 2 members

2 FINANCIAL REPORTS

It is a requirement that the Chief Executive Officer and the Chief Financial Officer state in writing to the Board that Auswide Bank's financial reports present a true and fair view in material aspects of the Company's financial condition and that operational results are in accordance with the relevant accounting standards.

3 MEETINGS

The Committee shall meet quarterly or as required and the Chairman will meet with the External Auditors on the completion of the annual accounts or if required the Committee will meet with the External Auditors. Separate minutes shall be kept of the Audit Committee Meetings.

4 OBJECTIVES

The primary purpose of the Audit Committee is to:-

- overview the management of the financial reporting and disclosure practices;
- overview the internal audit functions;
- review compliance with APRA reporting and other statutory requirements
- oversight financial accounts;
- address changes in the adoption of accounting principles and the application thereof in interim and annual reports;
- review reports from the External Auditors; and
- review reports from the Internal Auditor, the Internal Audit program and any Management responses to issues raised.

5 INTERNAL AUDIT

The Audit Committee in conjunction with the Internal Auditor will review the internal audit program and the Internal Auditor's adherence thereto. The Internal Auditor will be required to work closely with the External Auditor as required with meetings to discuss audit plans, access to documentation and relevant reviews carried out by the Internal Auditor. The Internal Auditor is required to report to the Audit Committee who will report to the full Board.

The Internal Auditor will be under no restrictions as to the scope of his audit and access to records that he may seek.

6 EXTERNAL AUDITOR

The Audit Committee is responsible for:-

- review and selection of External Auditors for recommendation to the Board of Directors;
- review of external audit engagement letters and management letters;
- review of the performance of External Auditors and the non-auditing services provided;
- confirmation of the External Auditors independence;
- review of the audit scope and use of resources;
- review with External Auditor and management of results of annual audits; and
- any significant queries in relation to variations from the standard accountancy principles, the quality of those principles and disclosure procedures proposed to be adopted.

7 INTERNAL CONTROL

The Audit Committee reviews internal compliance and control systems which provide for:-

- a comprehensive internal audit program;
- integrity of the financial reporting system; and
- ensures reporting is both accurate and timely

The Audit Committee meets at least quarterly with the Internal Auditor and Senior Management and monitors the progress of the internal audit and regularly reviews the Internal Audit Plan.

Financial control processes include:-

- annual audit and half year review by the External Auditor;
- monthly review of financial performances compared to budget and forecasts; and
- analysis of financial performance and significant balance sheet items.

8 APRA STATUTORY REPORTING

The Audit Committee is responsible for the oversight of APRA statutory reporting requirements.