



BOARD CHARTER

Version 2.0

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1. Overview

The Board recognises that they are ultimately responsible for the operation and administration of Auswide Bank Ltd (Auswide Bank) and for the delegation of various authorities to the Managing Director and Senior Management, where their performances and actions are monitored regularly by the Board. The Board is conscious of its obligations and accountability to shareholders as well as other regulatory and ethical expectations.

The Board accepts the responsibility for the overall performance of Auswide Bank and for the Company to act in the best interest of all parties and have a commitment to a high level of ethical standards and corporate governance.

2. Responsibilities of the Board

The Board's responsibilities include but are not limited to:-

1. the adoption and approval of relevant strategic plans;
2. oversight of Auswide Bank including its control and accountability systems;
3. approval and monitoring of annual budgets;
4. appointing and removing the Managing Director;
5. ratifying and approving the appointment of and where appropriate the removal of the Chief Financial Officer and the Company Secretary;
6. input into the final approval of management development of corporate strategy and performance objectives;
7. reviewing and ratifying systems of risk management and internal compliance and control;
8. codes of conduct and legal compliance;
9. monitoring Senior Management's performance and implementation of strategy and ensuring appropriate resources are available;
10. approving and monitoring the progress of major capital expenditure;
11. capital management and acquisition and divestitures;
12. approving and monitoring financial and other reporting;
13. planning for Board and executive succession;
14. appointment of External Auditors;
15. determining dividends to be paid; and
16. fulfilling its functions under Auswide Bank's Fit and Proper policy.

3. Structure of the Board and Composition

The size of the Board is subject to the provisions of Auswide Bank's Constitution which currently provides for a minimum number of five and a maximum number of ten. Currently the number of Directors is five.

In considering the structure of the Board, the Directors should ensure that the structure is in such a way that it:-

- has a proper understanding of and competence to deal with current and emerging issues of the business; and
- can effectively review and challenge the performance of management and exercise independent judgement.

The Board acknowledge that ultimately the Directors are elected by the shareholders however they have an important role to play in the selection of candidates for selection by the shareholders.

The Directors will appoint as Chairman of the Board one of the non-executive independent directors.

Directors are required to seek re-election on a rotation basis at least once every three years in accordance with the Constitution.

4. Board Renewal Policy

The Board adopted a Board Renewal Policy in September 2006. In adopting this policy the Directors were mindful of not only the growth of the company, but the greater scope of activities and possible future activities.

The Board recognises the importance of undergoing a regular process of renewal which provides regular new input ensuring the maintenance of a proactive and effective Board.

Persons shall be considered for appointment to the Board, based upon their skill, judgement, diversity and experience. Appropriate checks in relation to that person's character, experience, education, criminal record and bankruptcy history are undertaken prior to appointing a person and recommending that person for election as a Director. Directors are appointed to the Board on election by the shareholders.

The Board Renewal Policy is:-

- that the term of directors appointed will be limited to 10 years; and
- that the Chairman of the Audit Committee will be limited to a term of 5 years, which is consistent with the requirements for appointment of external auditors.

The Board has discretion to extend a non-executive director's term of appointment if the Board determines that extending the term will be of significant benefit to Auswide Bank.

A Director's continuing Board membership is subject to their ongoing performance and relevance of their skills and experience.

A Director shall cease to be a Director in the event of:

- a) retirement/resignation;
- b) death;
- c) mental or physical incapacity;

or if the Board of Directors pass a resolution to cease a Director's tenure on the board in the event of:

- a) failure to execute duties as a Director in the best interests of the Company appropriately; and/or
- b) the Director does not satisfy the requirements for fitness and propriety as outlined in the Company's Fit and Proper Policy.

5. Independence

The majority of the Board should be independent directors as defined in the definition of independence outlined in Auswide Bank's Corporate Governance Statement.

The Board will regularly assess the independence of each director in the light of interests regularly disclosed by them on an annual basis. Directors are encouraged to disclose any potential interests they may have, which may be considered giving rise to conflict and should discuss the matter with the Chairman. Every director of the Board is entitled to seek independent professional advice at Auswide Bank's expense with the prior written approval of the Chairman.

6. Role of Chairman

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's functions and for the briefing of all directors in relation to issues arising at Board Meetings.

Chairman's duties include:-

- promoting constructive and respective relationships between Board members and Board and management; and
- to act as the primary councillor for the Managing Director.

7. Board Meetings

The Board meets at least 11 times per annum and such other times as deemed appropriate for consideration of any issues that may become urgent or require attention between meetings.

These meetings can be held by technological means.

The external auditor shall meet with the Board as part of the full year financial accounts discussions.

Non-executive directors should meet at least once in each financial year for a discussion on Board and management issues and the effectiveness and satisfaction of information being provided by management.

8. Board Committees

The Board has established the following committees:-

- an Audit Committee;
- a Group Board Remuneration Committee; and
- a Risk Committee.

The Chairman of the Board, while a member of the Audit Committee, cannot assume the role of Chairman of the Committee, which must be held by another independent non-executive director.

The four independent directors of the Board are members of the Audit Committee with Ms S Birkenleigh Chairperson.

Three independent directors of the Board are members of the Risk Committee with Mr G Kenny Chairman.

In accordance with the Prudential Standards, a Group Board Remuneration Committee has been established to review and determine salaries for the Managing Director, any other Executive Directors and Senior Executives. The Committee comprises Mr B Dangerfield, Chairman and independent Directors, Ms S Birkenleigh & Mr G Kenny.

Recommendations on remuneration from the Group Board Remuneration Committee are ratified by the full Board.

9. Board Performance

At least once every twelve months there must be a performance evaluation of the Board and individual director's contribution to the Board. The manner in which the performance evaluation is assessed is determined by the Chairman.