

The updated Charter was approved by the Board on 27 March 2018.

1. Introduction

- 1.1 The Board Audit Committee (the '**Committee**') is a committee of the Board of Directors (the '**Board**') of Beyond Bank Australia.
- 1.2 This charter sets out the scope of the Committee's duties and responsibilities in relation to Beyond Bank Australia and its controlled entities' (the '**Beyond Bank Australia Group**').

2. Authority

- 2.1 The Committee is entitled to exercise any powers of the Board, which the Board has delegated to it in accordance with the Beyond Bank Australia constitution, and the *Corporations Act 2001 (Cth)*.
- 2.2 The Committee must exercise any powers delegated by the Board in accordance with any directions of the Board.
- 2.3 The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. For this purpose, it is empowered to:
- appoint, compensate, and oversee the work of any registered public accountant including any accounting firm employed by the organisation;
 - resolve any disagreements between management and the auditor regarding financial reporting;
 - retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
 - seek any information it requires from employees (via the Chief Executive Officer (CEO) wherever possible, or via an Executive or the Senior Manager Governance and Assurance) – all of whom are directed to cooperate with the Committee's requests – or relevant external parties; and
 - meet with company officers, the external and internal auditor, or external counsel whenever considered necessary.
- 2.4 Subject to approval from the Board, the Committee is authorised to appoint and terminate the appointment of any independent experts, including legal, accounting, financial, corporate governance or other advisers, consultants or experts, to enable it to carry out its responsibilities. The Committee may meet with these external advisers without management being present.

3. Objectives

- 3.1 The objectives of the Committee are to:
- (a) Assist the Board in discharging its corporate governance oversight responsibilities by providing an objective non-executive review of the effectiveness of the Beyond Bank Australia Group's:
- (i) financial reporting process;

- (ii) system of internal controls;
 - (iii) external audit;
 - (v) internal audit function; and
 - (v) the appointment of the Beyond Bank Australia Group's external and internal auditors.
- (b) Maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis).
- (c) 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.

4. Committee Composition

4.1 The Committee must comprise:

- (a) only non-executive directors;
- (b) a minimum of three members at least one of whom will also be a member of the Board Risk Committee;
- (c) a majority of independent non-executive directors. 'Independence' for these purposes will be assessed by reference to criteria approved by the Board.

Other Directors are entitled to attend Committee meetings.

- 4.2 The Chair of the Committee will be appointed by the Board. The Chair must be an independent non-executive director and shall not be the Chair of the Board.
- 4.3 Should the Chair of Committee be absent from a meeting and no acting Chair have been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be Chair for that particular meeting.
- 4.4 The Beyond Bank Australia company secretary or a designate shall be appointed as secretary of the Committee.
- 4.5 Each member of the Committee must be financially literate and at least one member must have accounting or financial expertise (ie such a member must be a qualified accountant or other financial professional with appropriate experience of financial and accounting matters).
- 4.6 Each member of the Committee must have an understanding of the banking and finance industry.
- 4.7 An evaluation of the Committee's performance as it relates to the requirements of this Charter will be conducted annually as part of the Beyond Bank Australia Board assessment process.

5. Term

- 5.1 The Board will decide appointments, rotations and resignations within the Committee having regard to the *Corporations Act 2001 (Cth)* and APRA's Prudential Standard *Beyond Bank Australia 510 Governance*.

- 5.2 Periodic rotation of Committee members' appointments is to be encouraged. However, no more than one member should leave the Committee pursuant to rotation in any one year.

6. Committee Meetings

- 6.1 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.
- 6.2 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.
- 6.3 The Secretary, in conjunction with the Chair, Deputy Chief Executive Officer (DCEO) and Senior Manager Governance and Assurance 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.
- 6.4 A quorum for a Committee meeting is a majority of committee members, all of whom must be non-executive Directors and present throughout the entirety of the meeting.
- 6.5 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.
- 6.6 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)*.
- 6.7 The external auditor and internal audit service provider will be given notice of all Committee meetings and have the right to attend and speak.
- 6.8 The CEO, DCEO, Chief Risk Officer and Senior Manager Governance and Assurance will be attendees at Committee meetings.
- 6.9 Management attendees will be appointed and removed by the CEO in agreement with the Chair of the Committee. The Board will decide in the event of non-agreement.
- 6.10 The Committee will meet with the external auditor and internal auditor service provider in private at least annually.

7. Reliance

- 7.1 Committee members are entitled to rely on employees of the Group or professional advisers or consultants engaged by the Committee or Group where:
- 7.1.1 there are reasonable grounds to believe the employee, adviser or consultant is reliable and competent; and
- 7.1.2 the reliance is made in good faith and after Committee members have made an independent assessment of the information.

8. Direct access

- 8.1 To draw appropriate matters to the attention of the Committee, the following individuals have free and unfettered access to the Committee, in the normal course of events through the Chair of the Committee: CEO, DCEO, Chief Risk Officer, External Auditor, Internal Audit service provider and Senior Manager Governance and Assurance.
- 8.2 Outside of Committee meetings the Committee will, at all times, have free and unfettered access to senior management, the Internal Audit service provider, the Senior Manager Governance and Assurance, the Chief Risk Officer, and the External Auditor. The Committee also has the right to summon any employee or contractor to attend a Committee meeting (via the CEO wherever possible, or via a senior Executive or the Senior Manager Governance and Assurance).

9. Minutes of Committee meetings

- 9.1 The Committee must keep minutes of its meetings.
- 9.2 Minutes must be made available to all Committee members, after the Committee Chair has approved them.
- 9.3 Unless there is a conflict of interest, minutes, agenda and supporting papers of Committee meetings will be uploaded to a website (cloud site) accessible by Directors.

10. Reporting

- 10.1 The Chair of the Committee will regularly update the Board about Committee activities.
- 10.2 If time permits (due to the dates of the Committee and Board meetings), minutes of each Committee meeting must be included in the papers for the next full Board meeting after each meeting of the Committee. If this is not possible, the minutes will be included in the papers for the subsequent meeting of the Board.
- 10.3 The Committee will refer to the Board Risk Committee any matters that have come to the attention of the Committee that are relevant for the Board Risk Committee.
- 10.4 The Committee will refer to the Board Governance and Remuneration Committee any matters that have come to the attention of the Committee that are relevant for the Board Governance and Remuneration Committee.
- 10.5 The Committee must refer any matters of major importance to the Board for its attention.

11. Duties and responsibilities

To fulfil its duties and responsibilities the Committee will:

11.1 Financial Reporting

- 11.1.1 Review and discuss with management and the external auditor the annual audited financial statements and recommend to the Board whether the financial statements should be issued.
- 11.1.2 Discuss with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the Beyond Bank Australia Group's financial statements, including significant changes in the Beyond Bank Australia Group's selection or application of accounting principles. Review with

the external auditor their report regarding significant findings in the conduct of their audit and the adequacy of management's response.

- 11.1.3 Discuss with management and the external auditor, judgments on the quality and appropriateness of the Beyond Bank Australia Group's accounting principles as applied in its financial reporting, including use of alternative disclosures and accounting principle treatment.
- 11.1.4 Review the controls and processes supporting the regulatory certifications of the CEO and DCEO.
- 11.1.5 Oversee APRA statutory reporting requirements and provide independent review of the Beyond Bank Australia Group's reporting under these requirements.
- 11.1.6 Review reports from management, the external auditor, and internal audit service provider on the identification and resolution status of material weaknesses and reportable conditions in the internal control environment, including any significant deficiencies in the design or operation of internal controls that could adversely affect the Beyond Bank Australia Group's ability to record, process, summarise and report financial data.
- 11.1.7 Discuss with management and the external auditor any correspondence with regulators or government agencies which raise material issues or could impact on matters regarding the Beyond Bank Australia Group's financial statements or accounting policies.
- 11.1.8 Discuss with the DCEO and the General Counsel, legal matters that may have a material impact on, or require disclosure in, the financial statements.

Refer to appendix 1 for a detailed checklist of the Committees duties in relation to finance matters.

11.2 System of internal control over financial reporting

- 11.2.1 Seek assurance as to the adequacy of the design, maintenance and effectiveness of disclosure controls and procedures to ensure that material information relating to the Group, including its controlled entities, is made known to the CEO and Group Executive and DCEO by others within those entities.
- 11.2.2 Discuss with management, the external auditor and the internal audit service provider any major issues as to the adequacy and effectiveness of the Beyond Bank Australia Group's internal controls over financial information, reporting and disclosure as well as any special steps adopted in light of material control deficiencies.

11.3 Complaints handling – accounting related and other

- 11.3.1 Seek assurance from management as to the adequacy of the Group Whistle Blower policy and procedures for employees of the BBA Group to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns.
- 11.3.2 Seek assurance from management as to the adequacy of the process for ensuring employees are aware of Group Whistle Blower policy and the process for dealing with matters raised by employees under this policy.

11.4 External Audit

- 11.4.1 Recommend to the Board the selection and termination of the external auditor, subject to member ratification, considering independence and effectiveness of the external auditor (including the background and experience of partner and auditing personnel).

- 11.4.2 Oversee and appraise at least annually the independence, adequacy and effectiveness of the external auditor (including the rotation of the external audit partner), and review and approve the external auditor's fee and terms of engagement.
- 11.4.3 Approve the annual audit plan and all major changes to the plan, and oversee progress of the audit plan.
- 11.4.4 Discuss with the external auditor matters relating to the conduct of the audit including any difficulties encountered in the course of the audit work, any restrictions on scope of activities or access to requested information, significant disagreements with management (if any) and adequacy of management's response.

Refer to appendix 2 for a detailed checklist of the Committees duties in relation to audit.

11.5 Internal Audit

- 11.5.1 Annually review the scope of the Internal Audit plan with management and the internal audit service provider to ensure it covers relevant material risks, and regularly monitor the progress of work performed in relation to the audit plan (including reviewing the findings of Internal Audit so that issues are being managed and addressed in an appropriate and timely manner).
- 11.5.2 Approve the annual audit plan and all major changes to the plan, and oversee progress of the audit plan.
- 11.5.3 Review all final Internal Audit reports of completed Internal Audit reviews.

11.6 Engagement of External or Internal Auditor as a Consultant

If the engagement fee for a specific consultancy engagement:

- i) is 50% or more of the annual fee for the provision of external or internal audit services; or
- ii) in the opinion of the CEO, DCEO, or Chief Risk Officer may lead to an actual or perceived conflict of interest

the proposed appointment of the internal or external audit firm as consultants to other projects must be referred to the Audit Committee for approval consideration.

11.7 Other responsibilities

11.7.1 Risk Management

- i) Review the risk management -framework, and Internal Audit Plan to provide assurance that the Audit Plan covers major risks identified.
- ii) Liaise with the Board Risk Committee to provide assurance that major risk areas are addressed by at least one of the Committees.
- iii) Review fraud risks and fraud incidents to provide assurance that material fraud losses are appropriately reported to the Board and recognised in the financial reports.
- v) Liaise with APRA on finance and audit matters.

11.7.2 Compliance

- i) Review the findings of any examinations by regulatory agencies, and any auditor observations.
- ii) As considered necessary, obtain regular updates from management about compliance matters that are relevant to the Committees responsibilities.

11.8 Limitations

The Committee is not responsible for:

- (a) the conduct of audits (it is the external auditor's responsibility, in consultation with management, to plan and conduct the audit, although the Committee does review audit plans); or
- (b) determining that the Beyond Bank Australia Group financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations (it is the Board's responsibility, in consultation with management and the external auditor, to do this).

The Committee's principal function is one of supervision, oversight and monitoring. 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 Beyond Bank Australia Group that are not compliant with Beyond Bank Australia Group policies and procedures, although they have a duty to act promptly if any such activity comes to their attention.

12 Policy Reviews

In considering any amendments to policies for which the Committee has responsibility, the Committee must note the requirements of the Policy: Approval – Non Material Amendments to Board Policies. Reference must also be made to schedule of all Board policies and those recommended for periodic approval by the Board to satisfy legal or regulatory requirements.

13. 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.

14. Amendments to the Charter

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

15. Availability to meet APRA

Members of the Committee must be available to meet with APRA on request.

16. Operational Procedures

A separate detailed checklist of operational issues and agenda items to be considered by the Committee over a full year is used as a means to fulfil the Committee's responsibilities. This checklist, provided as appendix 3 to this Charter, is maintained by the Committee Secretary and is regularly updated to reflect relevant accounting, legal and regulatory issues. The checklist is also reviewed against the checklist of operational issues and agenda items of the Board Risk Committee.

This Charter supersedes any terms of reference previously in force.

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Board Audit Committee Charter – Appendix 1

Committee’s responsibility in relation to finance matters

OBJECTIVE	AUTHORITY
Provide assurance of compliance with statutory responsibilities relating to financial disclosure.	Undertake & periodically update Board.
Review the annual financial report and, after consultation with Internal and External Audit, recommend acceptance to the Board.	Review & recommend.
Review and assess the adequacy of the Beyond Bank Australia Group’s Accounting Policies as set out in the annual financial report.	Review and recommend.
Review the appropriateness of and consider financial information produced for the Board, regulators and members.	Undertake & advise Board on an exception basis for appropriateness, and update the Board as appropriate after reviewing monthly accounts.
Consider the Beyond Bank Australia Group’s financial and strategic position.	Review & recommend.
Consider the effect on the Beyond Bank Australia Group of any new or proposed accounting practices, principles, disclosure requirements and legislative or regulatory pronouncements.	Undertake & advise Board on an exception basis.

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Board Audit Committee Charter – Appendix 2

Committee’s responsibility in relation to audit matters

OBJECTIVE	AUTHORITY
A. External Audit	
Recommend to Board the appointment/removal of external auditor.	Review & recommend.
On an annual basis, review the external audit letter of engagement and remuneration.	Review & recommend.
Establish and maintain an audit policy covering external audit.	Undertake & advise Board on an exception basis.
Determine that no management restrictions are being placed on the external auditor.	Undertake & advise Board on an exception basis.
Assess whether or not the external auditor meets the independence requirements of CPS 510 Governance and the Corporations Act.	Undertake & advise Board on an exception basis.
Evaluate the effectiveness of the external auditor.	Undertake & advise Board on an exception basis.
Determine, review and assess the statutory responsibilities of external audit.	Undertake & advise Board on an exception basis.
Review the annual external audit plan, oversee the external audit and monitor progress.	Undertake & advise Board on an exception basis.
Enquire of the External Auditor as to the: <ul style="list-style-type: none"> - results of their audit; - External Auditor’s evaluation of internal control procedures (ie reports relating to internal control deficiencies and recommendations for improvements); and - External Auditor’s overall evaluation of the financial reports. 	Undertake & advise Board on an exception basis.
B. Internal Audit	
Recommend to the Board the appointment / removal of the Internal Audit service provider.	Review & recommend.
Establish and maintain an Internal Audit Charter.	Review and approve.
Establish and maintain an audit policy covering internal audit.	Undertake & advise Board on an exception basis.
Provide assurance that the Beyond Bank Australia Group has an independent and adequately resourced internal audit function.	Undertake & advise Board on an exception basis.
Provide assurance that the objectives of the internal audit function include evaluation of the adequacy and effectiveness of the financial and risk management framework.	Undertake & advise Board on an exception basis.

OBJECTIVE	AUTHORITY
Review and approve the 3 year strategic internal audit plan and report its content to the Board.	Undertake & periodically update Board.
Oversee internal audit and provide assurance of a coordinated approach with external audit.	Undertake & advise Board on an exception basis.
Receive and consider all internal audit reports.	Undertake & advise Board on an exception basis.
Review the suitability of management processes and its internal controls to achieve the Beyond Bank Australia Group's strategic direction and business objectives.	Undertake & advise Board on an exception basis.

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Board Audit Committee Charter – Appendix 3

1. Operating Procedures

1.1 Framework for conduct of meetings

The following is a minimum but not all-inclusive framework for the conduct of Committee meetings:

Minimum Framework for the Committee Meeting's Agenda	Feb	May	Aug	Nov
External Audit				
Enquire as to independence of External Auditor.			X	
Obtain a report on the progress of the external audits.	X	X		X
Review the effectiveness of the external audit.				X
Consider targeted reviews.		X		
Consider matters that may impact on the external audit report.		X		
Consider the External Auditor's independence declaration.			X	
Review the Australian financial services licensee audit report (ASIC Form FS71).			X	
Review the External Auditor's report up to the latest balance date detailing the External Auditor's opinions as to whether: <ul style="list-style-type: none"> - the Beyond Bank Australia Group has observed all the prudential standard requirements which APRA has set for the Beyond Bank Australia Group; - the statistical and financial data provided by the Beyond Bank Australia Group to APRA are reliable; - Beyond Bank Australia has complied with statutory banking requirements, any conditions on the authority to carry on banking business, and any other conditions imposed by APRA in relation to the Beyond Bank Australia Group's operations; and - there are any matters which, in the auditor's opinion, may have the potential to prejudice materially the interests of depositors of Beyond Bank Australia. 			X	
Review external audit issues.			X	
Review external audit report on the adequacy of compliance with prudential standards.			X	
Consider tripartite arrangements (APRA, External Auditor and Beyond Bank Australia).				X
Review External Auditor's fee for the next year.		X		

Minimum Framework for the Committee Meeting's Agenda	Feb	May	Aug	Nov
Review external audit plan including engagement letter. The Committee will discuss: <ul style="list-style-type: none"> - the scope of and proposed plans for the audit; - any suggested changes in the Beyond Bank Australia Group's accounting policies; and - recent developments in accounting standards and practices that may affect the Beyond Bank Australia Group. 		X		
Internal Audit				
Consider progressive report from the Internal Audit service provider on the internal audits, special investigations, and procedure appraisals completed or in progress.	X	X	X	X
Receive and consider all internal audit reports.	X	X	X	X
Enquire as to Internal Audit's independence.			X	
Review and approve the internal audit program for the next year.		X		
The Internal Audit service provider will present to the Committee a report on the following: <ul style="list-style-type: none"> - a summary of audits, special investigations and procedure appraisals contained in the previous year's audit program that were not completed; and - reasons for non-completion. 			X	
The Internal Audit service provider will present to the Committee a proposed plan to complete audits, special investigations and procedure appraisals not completed during the previous financial year.			X	
Finance				
Consider financial reporting obligations.		X		
Review any emerging issues relating to the year end financial report (eg changes to legislation, APRA prudential standards, accounting standards).		X		
Before the financial statements are submitted to the Board for approval, the Committee will discuss: <ul style="list-style-type: none"> - the results of the audit; - the External Auditor's evaluation of internal control procedures (ie reports relating to internal control deficiencies and recommendations for improvements); - the External Auditors overall evaluation of the financial report; - management's overall evaluation of the financial report; and - events subsequent to Balance Date. 			X	

<i>Minimum Framework for the Committee Meeting's Agenda</i>	<i>Feb</i>	<i>May</i>	<i>Aug</i>	<i>Nov</i>
Internal Control				
Discuss with management, the external auditor and the internal audit service provider any major issues as to the adequacy and effectiveness of the Beyond Bank Australia Group's internal controls over financial information, reporting and disclosure as well as any special steps adopted in light of material control deficiencies.	X		X	
Seek assurance as to the adequacy of the design, maintenance and effectiveness of disclosure controls and procedures to ensure that material information relating to the Group, including its controlled entities, is made known to the CEO and Group Executive and DCEO by others within those entities.	X		X	
Compliance				
Review annual report for compliance with legislation, codes of conduct, and any other regulatory and industry requirements.			X	
Risk Management and Fraud				
Review the Fraud Incident Schedule & Fraud Risk Profile to provide assurance that material fraud losses are reported to the Board and recognised in the financial reports.	X	X	X	X
Review new and ongoing fraud investigations.	X	X	X	X
Consider the Board Risk Committee meetings minutes, and any matters that may need to be addressed by the auditors and/or the Finance Department.	X	X	X	X