

# Board Audit Committee Charter

## 1. Role

### 1.1 About the Board Audit Committee

The Committee is a committee of the Bendigo and Adelaide Bank Board. Its purpose is to assist the Board by providing an objective non-executive review of the effectiveness and integrity of the Group's financial and regulatory reporting requirements and related audit functions.

### 1.2 Purpose of the Charter

This charter sets out the role, responsibilities, powers and terms of operation of the Committee.

### 1.3 Scope of responsibilities

The Committee's responsibilities apply in relation to Bendigo and Adelaide Bank Limited (**Bank**) and its subsidiaries (**Group**).

## 2. Purpose

The purpose of the Committee is to provide assistance to the Board in relation to:

- Overseeing the external audit arrangements for the Group (including prudential audit requirements).
- Overseeing the internal audit, credit risk review and credit inspection function (Group Assurance).
- Overseeing the integrity of statutory financial and prudential reporting (including financial reporting principles, policies, controls, and procedures).
- Overseeing the effectiveness of the internal control and risk management framework.

## 3. Responsibilities

### 3.1. External Audit

Oversee the External Audit function, including the following:

- Monitor compliance with Group policy requirements for the selection and appointment of the external auditor.
- Recommend to the Board any proposed appointment or removal (subject to prior consultation with APRA) of the external auditor.
- Review and approve the annual external audit plan and the annual external audit engagement including fees, terms and conditions. This includes the approval of additional assurance and audit-related services to be provided by the external auditor.
- Annually review and assess the performance of the external auditor.

Review and approve changes to the external auditor independence policy and monitor compliance with that policy including:

- Oversee compliance with policy requirements for the engagement of the external auditor to provide permitted non-audit services. This includes determining the categories of permitted non-audit services and deciding on management proposals for the provision of audit, assurance and non-audit services.
- Annually assess the adequacy, effectiveness and independence of the external auditor. This includes the rotation of the audit engagement partner.
- Receive and consider the six-monthly and annual independence declaration from the External Auditor.

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- Consider any proposal from a subsidiary for the appointment or removal of an external auditor.
- Conduct the annual fit and proper assessment of the external auditor.
- On an annual basis, meet with the external auditor without the presence of management.

## 3.2. Group Assurance

Oversee the Group Assurance function, including the following:

- Review and decide on recommended changes to the Group Assurance Charter.
- Review and decide on the annual Group Assurance Plan.
- Annually assess the performance, adequacy, and independence of the Group Assurance function. This includes reviewing the performance of the Head of Group Assurance.
- Review and assess the five year external quality assessment of the Group Assurance function.

Review material internal control deficiencies, issues and recommendations arising from internal audit, credit risk review and credit inspection.

Decide on the appointment or removal (in the case of removal, in consultation with APRA) of the Head of Group Assurance.

## 3.3. Financial reporting

Oversee the Group's statutory financial reporting obligations including:

- Review the half year financial statements and full year financial statements for recommendation to the Board.
- Review the half year and full year result announcements prepared in accordance with ASX Listing Rules for recommendation to the Board.
- Receive and consider the closing report (and any related reports on risks or internal control deficiencies) issued by the external auditor in connection with the audit of the Group's half-year and full year financial reporting obligations.
- Discuss the conduct of the audit with the external auditor including any difficulties experienced in performing the audit, any restrictions on the scope of the audit including limitations in accessing information and any material disagreements with management that have not been resolved to the satisfaction of the external auditor.
- Review the management representation letter from the chief financial officer to the external auditor.
- Review any significant accounting estimates and judgements.
- Monitor developments in statutory reporting and accounting and disclosure requirements relating to the preparation of the Group's half-year and full year financial statements.
- Monitor developments in relation to professional audit standards including audit report disclosures.
- Review and decide on any new or proposed changes in Group accounting policies.
- Review and assess the processes implemented to support the regulatory certification by the Chief Executive Officer and Chief Financial Officer in relation to the Group's financial statements and the system of risk management and internal control for financial reporting risks.

## 3.4. Risk management and internal control

Monitor the adequacy and effectiveness of the Group's risk management and internal control systems including:

- Receive reports (from internal audit or external audit) on compliance with, and effectiveness of, the risk management framework.

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- Receive status updates on significant external and internal audit findings including material internal control deficiencies and monitor the progress of management to manage and resolve the findings and issues in an appropriate and timely manner.

## 3.5. Prudential responsibilities

- **Special Purpose Engagements:** Review the objectives, scope and outcomes of relevant prudential reviews.
- **Prudential audit report:** Review the external auditor's annual assurance report on compliance with APRA's prudential and reporting requirements.
- **Prudential risk reviews:** Receive copies of all reports provided by APRA to the Bank that do not fall under the responsibility of another Board committee.
- The Committee members are to be available to meet with APRA on request.

## 4. Other responsibilities

- **Reporting of Concerns:** Establish and maintain policies and procedures for employees to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns. This includes maintaining a process for ensuring employees are aware of these policies and for dealing with matters raised by employees under these policies.
- **Organisational Culture:** Monitor and assess insights arising from internal and external assurance work regarding the organisation's culture.
- **Subsidiaries:** Monitor any material external audit findings and recommendations arising from the audit of subsidiary financial statements (where not covered in the external audit closing report).
- **Taxation:** Monitor compliance with taxation obligations applicable to the Group and oversee taxation developments impacting financial institutions.
- **Policies:** The Committee has delegated authority from the Board to approve amendments to policies within its scope of responsibility including the External Audit Independence Policy and Subsidiary Audit Policy.
- **Outsourcing:** Receive reports on reviews by Group Assurance on compliance with the requirements of the Outsourcing Policy (CPS 231 (44)).
- **Business Continuity:** Receive periodic assurance reports on the Bank's Business Continuity Plan (CPS 232 (34) and (38)).
- **Reviews:** The Committee may initiate reviews, as needed, to fulfil the Committee's responsibilities under this charter.
- **General:** Any other responsibilities delegated to the Committee by the Board from time to time

## 5. Reporting and meeting planner

Each year the Committee approves a meeting planner setting out the standing items of business and reports to be considered during the year. The planner includes items of business and reports applicable to the responsibilities delegated to the committee under this charter.

## 6. Procedural Rules

The Bendigo and Adelaide Bank Board Committee Procedural Rules apply to the Audit Committee.

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*This charter was adopted by the Board of Bendigo and Adelaide Bank Limited on 15 December 2003 and last amended on 31 July 2018.*