



**Australian
Military Bank**

Audit Committee Charter





Governance

Approver	Board of Directors
Mandatory reviewer	Company Secretary
Owner	Audit Committee
Exception authority	CEO
Review cycle	Biennial (next review June 2026)

Related documents

Internal documents	Nil
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Material revisions

Ver.	Approval date	Details
2.0	14 February 2008	Add document and change control tables
2.1	21 July 2008	Replace references to internal audit program with internal audit plan
2.2	9 December 2009	Annual review
2.3	23 September 2010	Minor grammatical changes
2.4	28 July 2011	Annual review
2.5	26 July 2012	Annual review
2.6	25 July 2013	Annual review
2.7	24 June 2015	Biennial review
2.8	22 June 2017	Biennial review
2.9	19 June 2019	Biennial review
2.10	26 August 2020	Substantive rewrite of Charter
2.11	25 May 2022	Biennial review
2.12	3 July 2024	Biennial Review
2.13	2 October 2024	Addition of specified ESG responsibilities.





1. Role of the Committee

- 1.1 The Audit Committee (**Committee**) of Australian Military Bank Limited (**Bank**) has been established to assist the Board in discharging its responsibilities on a range of matters relating to:
- ▶ the quality, integrity and reporting of financial information of the Bank;
 - ▶ the adequacy of internal controls related to financial reporting;
 - ▶ Environmental, Social & Governance ('ESG') related reporting;
 - ▶ the internal and external audit roles and functions (including outsourced internal audit), engagement and processes;
 - ▶ the risk management framework and the internal control framework, including in relation to ESG, in conjunction with the Risk Committee; and
 - ▶ whistleblower arrangements and procedures.
- 1.2 The Committee assists the Risk Committee by overseeing the financial and audit risk environments of the Bank.
- 1.3 The Committee in performing its role in relation to ESG will consult and share information with the Environmental, Social, Governance & Remuneration Committee (responsible for the Bank's ESG Strategy) and the Risk Committee (responsible for oversight of the identification and management of ESG related risks and compliance with ESG related legislation) in relation to the ESG related responsibilities delegated to these committees.
- 1.4 The Board has delegated the authority to the Committee to fulfil its responsibilities as set out in this Charter in the section entitled *Responsibilities of the Committee* and may make other delegations to the Committee from time to time.

2. Composition

- 2.1 The Board appoints the members of the Committee.
- 2.2 The Committee will consist of at least three directors, all of whom must be NEDs, with the majority of the members being independent.
- 2.3 The Board appoints a member to be the Chair of the Committee. The Committee Chair must be an independent NED and must not be the Board Chair.
- 2.4 The Company Secretary of the Bank, or such other person as the Board may nominate, will act as Committee Secretary.

3. Meetings

- 3.1 The Committee will meet at least quarterly or more frequently if necessary.





- 3.2 The quorum for a meeting of the Committee is two members.
- 3.3 All directors will have access to Committee papers and may attend Committee meetings.
- 3.4 The individual or external organisation performing the role of internal auditor (**Internal Auditor**) and the external auditor (**External Auditor**) are invited to attend Committee meetings.
- 3.5 The Committee will meet periodically and separately with the Internal Auditor and the External Auditor, without management present.
- 3.6 The Chief Executive Officer (**CEO**), Chief Financial Officer (**CFO**), Chief Risk Officer (**CRO**), other appropriate Bank management and any external advisors are to attend such portion of Committee meetings as requested by the Committee Chair but are not to participate if they have an interest in a matter being considered by the Committee.
- 3.7 The Committee will meet regularly with the CEO, CFO, and CRO without the Internal and External Auditors and other management present.

4. Access, Reliance and Advice

- 4.1 The Committee will have free and unfettered access to senior management, any other relevant internal and external parties (including the Internal and External Auditors), and may make any enquiries necessary to fulfil its responsibilities.
- 4.2 The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts, with the prior approval of the Board.
- 4.3 Management is responsible for the preparation, presentation and integrity of the information provided to the Committee.
- 4.4 Committee members are entitled to rely on information, advice and assurances provided by management on matters within their responsibility, and on the expertise of independent experts, as long as they are not aware of any grounds that would make such reliance inappropriate.

5. Responsibilities of the Committee

Financial Reporting & Internal Controls

Financial Information Processes & Controls





The Committee is responsible for:

- 5.1 Reviewing current or proposed significant accounting, regulatory or financial reporting issues and their potential impact on Bank's financial reporting or audit processes.
- 5.2 Evaluating the adequacy of the Bank's accounting policies and procedures to comply with legal and regulatory requirements and accounting standards.
- 5.3 Evaluating the adequacy of financial records and registers which support the production of accurate financial information (including financial information to be reported under prudential requirements).
- 5.4 Reviewing audit reports issued by the Internal Auditor and External Auditor over the integrity and effectiveness of the Bank's financial reporting systems and controls, assessing the findings and recommendations, and seeking confirmation that management has responded appropriately to the findings and recommendations.

Financial Reporting – Financial Statements

- 5.5 Reviewing and recommending to the Board the full year audited financial statements and Annual Report of the Bank, following discussion with management and the External Auditor. In discharging this responsibility, the Committee will focus on:
 - a. consistency in the application of accounting policies and adherence to accounting standards and other reporting requirements.
 - b. the need for, appropriateness of, and correct disclosure of, any changes made to the Bank's existing accounting policies.
 - c. the accounting treatment for, and disclosure of, significant, complex and unusual transactions.
 - d. the appropriateness of significant adjustments made by management in preparing the financial statements.
 - e. any significant accounting and financial reporting matters raised by the Internal Auditor or External Auditor; and
 - f. whether the Bank's financial statements provide a true and fair view of the financial position and performance of the Bank.
- 5.6 Reviewing management's reports and representations and the audit reports issued by the External Auditor, over the financial statements.

Financial Reporting – Regulatory Compliance

- 5.7 Reviewing reports required to be provided by the External Auditor to ASIC or APRA related to financial reporting or internal controls and related assessments or





materials prepared by the External Auditor and any responses to those reports provided by a regulator.

- 5.8 Obtaining assurances from the External Auditor over the effectiveness of the processes and controls adopted for the Bank's financial reporting obligations to ASIC and APRA and considering the adequacy of the assurances.
- 5.9 Reviewing and recommending to the Board the annual declaration required to maintain the Bank's financial services licence.

External Audit

Appointment & Engagement

- 5.10 Recommending to the Board the appointment or removal of the External Auditor for subsequent member approval or ratification.
- 5.11 Approving the annual terms of engagement and fees to be paid to the External Auditor.
- 5.12 Reviewing and approving the rotation of partners of the External Auditor, having regard to the partners' background and experience (including the fitness and proprietary assessment), ensuring they possess the requisite knowledge to conduct the audit for the Bank.

Independence & Effectiveness

- 5.13 Reviewing an annual independence declaration from the External Auditor to support the Committee's independence assessment required under paragraph 5.14.
- 5.14 Assessing, at least annually, the performance, adequacy, effectiveness and independence of the External Auditor, including against any auditor independence requirements arising under legal, regulatory, or accounting requirements

Annual Audit Plans

- 5.15 Reviewing the scope of the External Auditor's annual audit plans: for coverage of all material and high risks areas of the Bank (including compliance areas) and financial reporting requirements; and the agreed-upon procedures, having regard to the coverage in Internal Auditor's annual audit plan.
- 5.16 Recommending to the Board the External Auditor's annual audit plans and any material changes to the approved audit plans.
- 5.17 Overseeing the progress of the execution of the audit work program against the External Auditor's audit plan.





Audit Policy

5.18 Reviewing and recommending to the Board the Audit Policy.

Internal Audit

Appointment & Engagement

- 5.19 Recommending to the Board the appointment and removal of the Internal Auditor, following input from the CEO.
- 5.20 Approving the annual terms of engagement and fees to be paid to the Internal Auditor.
- 5.21 Maintaining a separate reporting line from the Internal Auditor to the Committee, via the Committee Chair.
- 5.22 Assessing, at least annually, the adequacy, effectiveness and independence of the Internal Auditor.

Annual Audit Plan

- 5.23 Reviewing:
- a. the scope of the Internal Auditor's annual audit plan for: coverage of all material and high risks areas of the Bank (including compliance areas); and agreed-upon procedures, having regard to the areas covered by the External Auditor's annual audit plans.
 - b. the budget and resourcing to implement the Internal Auditors' audit plan; and
 - c. any material changes to the approved audit plan of the Internal Auditor.
- 5.24 Recommending to the Board the Internal Auditor's annual audit plan and any material changes to the approved audit plan.
- 5.25 Monitoring the progress of the execution of the audit work program against the Internal Auditor's audit plan.

Audit Reports & Findings

- 5.26 Reviewing reports from the Internal Auditor on significant audit findings and discussing the timeliness and adequacy of managements' responses and progress in resolving outstanding significant findings.

Internal Audit Policy

- 5.27 Review and recommending to the Board the Internal Audit Policy.





Risk Management & Internal Control Framework

Internal Control Framework

- 5.28 Overseeing management's design and implementation of the internal control framework and the processes for assessing the effectiveness of internal controls.
- 5.29 Obtaining assurances from the Internal and External Auditors (as appropriate) on a periodic basis, and reporting to the Board, on the adequacy and effectiveness of the internal control framework and implementation of the framework.
- 5.30 Monitoring the timely resolution of significant internal control deficiencies identified by Internal Auditor, External Auditor, management or regulators.
- 5.31 Providing information to the Risk Committee in relation to any significant internal control matter where the control is inadequate or has not or is not operating as intended and could have a significant impact on the Bank's risk profile.
- 5.32 Reviewing the results of the annual review conducted by the Internal Auditor or the External Auditor, of compliance with, and the adequacy and effectiveness of Risk Management Framework and internal control framework.

Whistleblowing

- 5.33 Reviewing and recommending to the Board the Whistleblower Policy, which allows employees to confidentially submit information about accounting, internal control compliance, audit and other matters of employee concern.
- 5.34 Reviewing reports on:
 - a. whistleblower disclosures to be investigated, the investigation process and the outcomes of the investigation; and
 - b. internal fraud matters.
- 5.35 Reporting to the Board the outcomes of a whistleblower investigation to enable the Board to determine appropriate action in relation to the investigation outcomes.
- 5.36 Receiving an annual report from management on the effectiveness of the whistleblower arrangements, including the processes in place to ensure employee awareness of the Whistleblower Policy, the procedures for investigating whistleblower disclosures and compliance with training requirements

Executive Remuneration

- 5.37 Providing material information to the Environmental, Social, Governance & Remuneration Committee on any financial or internal control matter that is relevant





to determining risk and remuneration outcomes for the CEO and CEO's direct reports or other employees specified in the Remuneration Policy.

ESG

- 5.38 Oversight of ESG related reporting, including climate and emissions reporting, and recommending this reporting to the Board for approval.
- 5.39 Oversight of internal controls in relation to the Bank's ESG risks, performance, data and reporting and any assurance processes undertaken to verify the integrity of ESG related data and reporting.

Other

Business Continuity Referrals

- 5.40 Reviewing the annual results of the testing of the Business Continuity Plan.
- 5.41 Assessing any information provided to it from the Board, other Board Committee, External Auditor, Internal Auditor or regulator which is relevant to the Committee's responsibilities for appropriate action.
- 5.42 Referring any material information to the Board, other Board Committee, External Auditor or Internal Auditor which is relevant for consideration by that relevant body or person.

6. Reporting

- 6.1 Minutes of Committee meetings will be made available to all Board directors and upon request to the Internal and External Auditors.
- 6.2 The Committee Chair will report on the business of Committee meetings to the Board.
- 6.3 The Committee will provide both the Internal Auditor and External Auditor with all correspondence it receives from APRA which is relevant to the Internal or External Auditors' reporting obligations in relation to the Bank.

7. Committee Performance & Charter Review

- 7.1 The Committee will assess its performance and the fulfilment of its responsibilities under the Charter at least annually.
- 7.2 The Committee will review the adequacy of this Charter at least biennially and recommend any necessary changes to the Board.





8. Other Responsibilities

- 8.1 The Committee members will meet with APRA and other regulators on request.
- 8.2 The Committee will perform any other responsibilities as may be delegated to it by the Board from time to time.

