

ANZ Audit Committee Charter

Contents

1. Standing Rules for ANZ Board Committees
2. Purpose
3. Powers of the Audit Committee
4. Function of respective parties
5. Duties of the Audit Committee
6. Eligibility
7. Meetings

1. Standing Rules for ANZ Board Committees

- 1.1 The Standing Rules for ANZ Board Committees apply to the Audit Committee, and are incorporated into this Charter, save as expressly varied by this Charter.

2. Purpose

- 2.1 The Audit Committee is established by the Board of Directors. The purpose of the Audit Committee is to assist the Board of Directors by reviewing:
 - (a) ANZ's financial reporting principles and policies, controls and procedures;
 - (b) the effectiveness of ANZ's internal control and risk management framework;
 - (c) the work of Internal Audit which will report directly and solely to the Chairman of the Audit Committee;
 - (d) the Audit Committees of subsidiary companies;
 - (e) the integrity of ANZ's financial statements and the independent audit thereof, and the Company's compliance with legal and regulatory requirements in relation thereto;
 - (f) any due diligence procedures; and
 - (g) prudential supervision procedures required by regulatory bodies to the extent relating to financial reporting.
- 2.2 The Audit Committee is also responsible for:
 - (a) the appointment, annual evaluation and oversight of the external auditor;
 - (b) annual review of independence, fitness and propriety, and qualifications of the external auditor;
 - (c) compensation of the external auditor; and
 - (d) where deemed appropriate, replacement of the external auditor.

3. Powers of the Audit Committee

- 3.1 Subject to the requirement under paragraph 3.5 of the Board Committees Standing Rules to keep the Board informed of its activities, and to any conflicting legal or regulatory requirements, the Audit Committee has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose, function and duties as set out in this Charter and all other matters that may be delegated by the Board to the Committee from time to time.

- 3.2 The Audit Committee has unrestricted access to Internal Audit and to the external auditors in order to fulfil its purpose and undertake its duties.

4. Function of Respective Parties

- 4.1 Other than in relation to the work of the external auditor and Internal Audit, the function of the Audit Committee is oversight. It is recognised that members of the Audit Committee are not full time employees of the Group and generally do not represent themselves to be experts in the fields of accounting or auditing, except in relation to the "financial expert" as required and described in paragraph 6.2 (c) below. As such, it is not the responsibility of the Audit Committee personally to conduct accounting or auditing reviews or procedures. The eligibility criteria and required financial skills of Audit Committee members are set out in paragraphs 6.2 (b) and (c) below.
- 4.2 The Board may rely upon information provided by the Audit Committee and its members, in relation to matters within the Audit Committee's responsibility under the terms of this charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.
- 4.3 Management of the Group is responsible for the preparation, presentation and integrity of the Group's financial statements. Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.
- 4.4 Internal Audit are responsible for conducting independent reviews of the internal controls of the Group, having regard to the assessed risk profile of the Group.
- 4.5 The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing standards. The external auditor is accountable to shareholders through the Audit Committee.

5. Duties of the Audit Committee

- 5.1 The following duties are structured in accordance with the Audit Committee's purposes:
- (a) With respect to the external auditor:
 - (i) select, evaluate and replace as necessary the external auditor;
 - (ii) review and agree the annual audit engagement letter;
 - (iii) review and approve the annual audit plan (including co-ordination with internal audit) and approve the fees charged for audit and review services;
 - (iv) determine categories of non-audit services that may be provided by the external auditor;
 - (v) provide pre-approval or otherwise of all non-audit services that are to be undertaken by the external auditor;
 - (vi) ensure disclosure to shareholders of the Committee's approval of all non-audit services provided by the external auditor;
 - (vii) review and provide oversight of audit reports prepared and issued by the external auditor on Group financial statements and activities, and monitor that issues are being managed and rectified in an appropriate and timely manner;
 - (viii) consider and review reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under Australian equivalents to International

Financial Reporting Standards (AIFRS), and all other written communication between the external auditor and management;

- (ix) resolve any disagreements between the external auditor and management regarding ANZ's financial reporting;
 - (x) discuss with the external auditor any relationship that may impact their objectivity and independence;
 - (xi) ensure that the external auditor prepare and deliver an annual and half-yearly statement as to their independence which includes details of all relationships with ANZ;
 - (xii) annually review the effectiveness of the external auditor: and
 - (xiii) annually review the independence, fitness and propriety, and qualifications of the external auditor including rotation of lead audit partner, and hiring policies for employees and former employees of the external auditor.
- (b) With respect to Internal Audit:
- (i) select, and replace as necessary, the Group General Manager, Audit;
 - (ii) review and approve the annual internal audit plan to ensure it covers all material risks;
 - (iii) approve the annual budget;
 - (iv) receive from Internal Audit summaries of significant reports to management prepared by internal audit, the management response, and Internal Audit's recommendations, and monitor that issues are being managed and rectified in an appropriate and timely manner;
 - (v) review assessments of the effectiveness of internal controls and procedures;
 - (vi) review the activities, staffing and organisational structure of the internal audit function;
 - (vii) assess the effectiveness and independence of Internal Audit; and
 - (viii) evaluate the performance of the Group General Manager, Audit
- (c) With respect to financial reporting:
- (i) receive from management, Internal Audit and the external auditor a timely analysis of significant financial reporting issues and practices and review such analyses;
 - (ii) discuss the audited (half year: reviewed) financial statements, and related regulatory filings, earnings press releases, other financial information being made public, any significant matters arising from the external audit, management judgements and accounting estimates, and significant changes to ANZ's auditing and accounting principles, policies, controls, procedures and practices with management, internal audit and the external auditor, and approve any such matters as necessary (except to the extent such matters must be considered and approved by the Board in order to comply with legal or regulatory requirements, including without limitation matters relating to the half-year and full-year financial reports, directors' declarations and directors' reports, and statements about non-audit services and auditor independence based on advice provided by the Audit Committee);

- (iii) discuss the critical accounting policies and any proposed changes to such policies with the external auditor and management;
 - (iv) review the certifications provided by the Chief Executive Officer and the Chief Financial Officer on annual and half-yearly financial reports pursuant to the Corporations Act (and other regulatory requirements as applicable), and review the processes that were used to reach the opinion provided in the certifications;
 - (v) review the form of opinion that the external auditor proposes to render; and
 - (vi) review the effectiveness of management's process for managing financial reporting fraud risk.
- (d) With respect to handling accounting and other complaints:
- (i) review the effectiveness of management's process for informing employees of the existence of the Whistleblower Policy and ANZ Code of Conduct;
 - (ii) ensure procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters are established and maintained;
 - (iii) ensure employees can make confidential, anonymous submissions regarding questionable accounting or auditing matters; and
 - (iv) ensure procedures are in place to prohibit ANZ from firing, demoting or otherwise discriminating against any employee who lawfully provides information to a regulatory body or other nominated party regarding any information about ANZ that the employee reasonably believes may be relevant to a securities fraud, investigation or proceeding.
- (e) With respect to due diligence procedures:
- (i) ensure the Chairman of the Audit Committee or their nominee is a member of any due diligence committee that is established where representation from the ANZ Board is required or deemed appropriate;
 - (ii) discuss reports on the ANZ Group prepared for prudential supervisors or other regulators; and
 - (iii) consider any reports prepared by the external auditor in relation to the above due diligence procedures.
- (f) With respect to corporate governance:
- (i) review minutes of other material Audit Committees (as the Committee determines) within the ANZ Group and respond to issues raised as appropriate;
 - (ii) develop and promulgate rules on the employment by ANZ of members of the external audit firm;
 - (iii) ensure that ANZ has adopted a code of ethics that is applicable to the Chief Financial Officer, Principal Accounting Officer and other senior financial officers; and
 - (iv) review reports of the Financial Governance Programme and consider the impact of any identified control deficiencies on the Group's external reporting.

- (g) Discuss and review the Company's policies with respect to risk assessment and risk management to the extent necessary to fulfil the Committee's purpose and duties.
- (h) The Audit Committee must be available to meet with APRA on request.

6. Eligibility

- 6.1 The Board shall appoint one of its members, other than the Chairman of the Board, to serve as the Committee's chairman.
- 6.2 In addition to the independence criteria set out in the ANZ Board Charter, the following rules apply to eligibility for membership of the Audit Committee:
 - (a) a director who sits on the Audit Committee cannot be an officer, employee or substantial shareholder of ANZ or any subsidiary or related company or receive fees from ANZ other than in the capacity as a director or member of a committee of the Board;
 - (b) each member of the Audit Committee must be appropriately financially literate (as such qualification is interpreted by the Board in its business judgment); and
 - (c) at least one member of the Audit Committee will be a 'financial expert'. A financial expert is a person who, as a result of education and experience as a public accountant or auditor or as the principal financial officer, comptroller or principal accounting officer of a company, has an understanding of financial statements, prepared under AIFRS, and experience in preparing or auditing financial statements of companies comparable to ANZ, in the application of AIFRS to accounting for estimates, accruals and reserves, in internal accounting controls and in the functioning of audit committees.

7. Meetings

- 7.1 The Audit Committee will meet at least four times annually, and more frequently if it deems necessary.
- 7.2 Representatives of management, Internal Audit, and of the external auditor will be invited to attend part or all of any meeting of the Audit Committee. The Audit Committee may request certain parties to withdraw from any part of the meeting, and may request any officer or employee of the Company or the external auditor to attend a meeting.
- 7.3 The Audit Committee will meet regularly with the external auditor, in the absence of management. The Audit Committee Chairman will also meet privately with the external auditor. Matters discussed will include the external auditor's judgements about the quality of the accounting principles. The Audit Committee will request the external auditor to advise it whether any officer of ANZ has taken any action to improperly influence, coerce, manipulate or mislead any member of the external audit team for the purpose of rendering the financial statements materially misleading.
- 7.4 The Audit Committee will meet regularly with Internal Audit, in the absence of other management. The Audit Committee Chairman will also meet privately with the Group General Manager, Audit.