



Audit Committee Charter

Bank of Queensland Limited and its subsidiaries

Scope

The Audit Committee appointed by the Board of Directors of Bank of Queensland Limited (BOQ or the Bank) also operates as the audit committee, and performs the functions outlined in this charter, for each of the following entities that have operations that require oversight by the audit committee.

- BQL Management Pty Ltd (and the securitisation trusts the company manages)
- BOQ Equipment Finance Limited (and its New Zealand branch)
- Bank of Queensland Limited Employee Share Plans Trust
- BOQ Finance (Aust) Limited and its subsidiaries
- BOQ Finance (NZ) Limited
- St Andrew's Australia Services Pty Ltd
- St Andrew's Insurance (Australia) Pty Ltd
- St Andrew's Life Insurance Pty Ltd

The reference to the Board in the Charter means the Board of BOQ and/or the Board of each entity referred to above.

A.1 Objectives

The Audit Committee ("the Committee") is a sub-committee of the Board of Directors that assists the Directors in discharging the Board's responsibilities of oversight and governance in relation to financial and audit matters. In this role, the Committee has no executive responsibility. It is responsible for performing its duties in accordance with its charter and making recommendations to the Board of Directors on the adequacy of external and internal audit. The objectives of the Committee reflect this important role and include the following:

- Assisting the Board of Directors to discharge its responsibilities to exercise due care, diligence and skill in relation to the :
 - reporting of financial information to users of the financial reports;
 - application of accounting policies; and
 - internal control system.
- Providing a formal forum for communication between the Board and senior financial management;
- Improving the efficiency of the Board by delegating tasks to the Committee where such tasks should be discussed in sufficient depth;
- Improving the effectiveness of the internal and external audit functions and the communication between the Board and the external and internal auditors;
- Facilitating the independence of the external auditor, internal auditor and Appointed Actuaries; and
- Providing a structured reporting line for Internal Audit.

A.2 Duties and Responsibilities

The Committee is required to discharge the following duties and responsibilities:

A.2.1 External Reporting

To review and report to the Board on:

- Annual and Half-Year Financial Reports including recommendations to the Board for the adoption of these reports;
- APRA statutory reporting requirements and other financial reporting requirements;
- ASIC reporting requirements and enquiries;
- The reasonableness of significant estimates and judgements in the financial reports;
- The appropriateness of the accounting principles and policies used and the clarity of the Bank's financial disclosures in conjunction with the external auditor;
- The CEO and CFO certification processes provided in relation to statutory financial reports;
- The responses to complaints regarding accounting and auditing matters;
- The Internal Audit reports and make appropriate inquiries of the Head of Audit; and
- The adequacy of the Committee charter on an annual basis.

A.2.2 Internal Audit

To review and report to the Board (as necessary) on:

- Appointment of any co-sourced audit provider;
- Internal Audit's mission, charter, qualifications and resources;
- The Internal Audit department reporting line and independence (i.e. directly to the Managing Director and/or the Audit Committee);
- The scope of the Internal Audit plan and work program, including whether it covers all material risks and financial reporting requirements (in conjunction with the external audit plan);
- The progress of the Internal Audit program and the implications of internal audit findings on the control environment;
- Management's adequacy, appropriateness and responsiveness to Internal Audit's findings and the timeliness in which action plans are completed; and
- The process the Bank has in place for monitoring and assessing the effectiveness of the Internal Audit department.

Following consultation with management, to recommend to the Board the appointment and, if relevant, dismissal, of the Head of Internal Audit, and monitor his/her performance.

A.2.3 External Audit

To report to the Board on:

- Recommendations on the appointment of the external auditor and monitoring of the effectiveness and independence;
- Whether the auditor is fit and proper for the purposes of the Fit and Proper Policy;
- The external auditor's fee and whether an effective, comprehensive and complete audit can be conducted for the proposed fee;

- Recommendations on the term of the engagement with the external auditor and reviewing that engagement at least annually, including whether the auditor meets the applicable independence tests;
- The scope of the external audit particularly the identified risk areas and whether, in conjunction with the internal audit program, all material risks and financial reporting requirements are covered and any additional agreed-upon procedures on a regular and timely basis;
- The external audit plan, discuss audit results and consider the implications of the external audit findings for the control environment;
- All representation letters signed by management and ensure that the information provided is consistent with the Committee's knowledge;
- Reviewing the provisions of non-audit services by the Bank's auditor, in terms of type and quantity of services provided, including ensuring compliance with the Bank's Auditor Independence Policy;
- Reviewing the Auditor Independence Policy annually;
- Inquiries of the auditor if there have been any significant disagreements with management irrespective of whether or not they have been resolved; and
- The monitoring of management's adequacy, appropriateness and responsiveness to the external auditor's findings and recommendations.

A.2.4 Actuarial

To report to the Board on:

- Recommendations on the terms of the engagement with the Appointed Actuary and External Peer Review Actuary and reviewing the engagements at least annually, including the applicable independence tests;
- Whether the Appointed Actuary and External Peer Review Actuary are fit and proper for the purposes of the Fit and Proper Policy;
- Review of the Financial Condition Reports and Insurance Liabilities Valuation Reports; and
- The content of any written advice provided by the Appointed Actuary and External Peer Review Actuary from time to time.

A.2.5 Other Responsibilities

- 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 Bank's financial statements or accounting policies.
- Discuss with the Bank's General Counsel any legal matters that may have a material impact on the Bank's financial statements.
- Review of Credit Risk Review results and status of the Credit Risk Review annual plan.
- Regularly discuss and receive reports from the Chairperson of the Risk Committee on relevant risk matters that should come to the attention of the Audit Committee.

The Audit Committee will refer to the Risk Committee any matters that have come to the attention of the Audit Committee that are relevant for the Risk Committee for noting or consideration, or which should be dealt with by that Committee.

A.3 Complaints Procedures

The Audit Committee will respond to complaints regarding accounting and auditing, including complaints from those who wish to remain anonymous. The complaints procedure will operate as follows:

- The complaints will be brought to the attention of the Audit Committee by the Head of Audit;
- The complaints will be discussed by the Committee and if directed by the Committee, the Head of Audit will conduct an investigation and report back to the Committee on the outcome of the investigation;
- The scope of any investigation will be set by the Audit Committee;
- Where appropriate, the Audit Committee may request the external auditor to assist in any investigation;
- The Head of Audit will respond to any complaint at the direction of the Committee;
- The Head of Audit will maintain a register of complaints and report to each Audit Committee meeting, the details of any complaints received and the status of any outstanding complaints; and
- The complaints procedure operates independently of the BOQ Whistleblower program. Complaints received in accordance with the BOQ Whistleblower program will be investigated in accordance with the procedures outlined in the BOQ Whistleblower Policy.

A.4 Meetings

A.4.1 Frequency

The Committee will meet at least four times per annum and otherwise as required. Two of the meetings must be prior to Board meetings at which the Bank's consolidated Half-Year and Annual Financial Reports are adopted.

The Chairperson of the Committee or the Chairperson of the Board may call a meeting of the Audit Committee at any time, or if so requested by any member of the Committee. The external auditor and Appointed Actuary will be invited to meetings of the Committee. The Committee may request certain parties to withdraw from any part of a meeting.

A.4.2 Quorum

A quorum will consist of two members.

The members of the Committee will meet with the external auditors without management personnel being present at least twice per annum. The Committee may meet with Internal Audit without other management personnel present. These meetings will address, amongst other things, whether the internal or external auditors (as the case may be) has received co-operation from management and whether there have been any impediments to carrying out their respective audits.

The Chairperson of the Committee will meet regularly and separately with the Head of Audit and with the external audit partner.

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

A.4.3 Agenda and Minutes

The Committee Secretary, in conjunction with the Chairperson, will draw up the agenda for each meeting. The agenda and supporting documentation will be circulated to each member of the Committee and attendees at least one week prior to each meeting.

The Committee Secretary will prepare the Minutes of the Committee meetings within 7 days of the conclusion of each meeting. Draft minutes will be provided to the Chairperson of the Committee for review, prior to distribution to all Directors. The draft minutes will also be included in the papers for the next Board meeting.

A.4.4 Reporting

In addition to providing the Board with a copy of the minutes of its meetings, the Audit Committee will, through its Chairperson, report to the Board on its meetings, update the Board about material relevant to the Committee's role and make appropriate recommendations for approval by the Board.

A.5 Committee Membership

The Committee will comprise non-executive members of the Board, with the majority of members being independent directors, in the assessment of the Board under its Policy on Independence. The minimum number of members of the Committee is four.

At least one member should have professional accounting, or professional financial management expertise.

Members will be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with legislative, accounting or other relevant issues.

New members will be provided with a copy of the Committee's Charter and other specific information about the Bank.

The Committee (including the Chairperson of the Committee) will be appointed by the Board of Directors, following consideration of recommendations from the Nomination Committee. Membership of the Committee will be reviewed by Board on an annual basis.

The Managing Director, Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Financial Controller, Company Secretary, Treasurer, Head of Audit, IT internal auditors, external auditors and Appointed Actuaries will be invited to attend meetings as required. Other management personnel will be invited to attend meetings as required.

A.6 Chairperson and Secretary

Chairperson

The Chairperson of the Committee will be an independent non-executive Director of the Bank and be appointed by the Board. The Chairperson of the Board of Directors or the Risk Committee should not be the Chairperson of the Audit Committee.

The Chairperson of the Committee should report formally to the Board with a summary of the Committee's work and results. This should include the Committee's meetings, any formal recommendations of the Committee and other major issues of which the Audit Committee believes the Board should be informed.

Secretary

The Bank's Company Secretary or his/her designated representative shall be appointed Secretary to the Committee.

A.7 External Auditor Rotation

The external auditor is required to rotate the lead audit partner and the audit review partner, so that neither role is performed by the same partner for more than five years, or more than five years out of seven successive years. This requirement is sourced from the BOQ Auditor Independence Policy approved by Board on 22 February 2010.

A.8 BOQ Auditor Independence Policy

The Audit Committee reviews the engagement and services of the external auditor on an annual basis, including conducting a review of the auditor's independence in accordance with the BOQ Auditor Independence Policy approved by Board on 22 February 2010.