

19 January 2012

Mr Merran Kelsall
The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007
Australia

Dear Mr Kelsall

**Comfort letter engagements - Proposed Standard on Related Services
ASRS 4450**

We refer to the exposure draft dated September 2011 of the Proposed Standard on Related Services ASRS 4450, Comfort Letter Engagements ("**Exposure Draft**").

Australia and New Zealand Banking Group Limited ("**ANZ**") appreciates the opportunity to comment on the Exposure Draft.

We regularly issue securities into the capital markets in the United States, Europe and Asia and support the provision of clarity around activities auditor should undertake when providing comfort letters in respect of these issuances. We believe that the adoption of a standard that is equivalent to SAS 72 has the potential ultimately to make the process of cross-border securities offerings more efficient and seamless in terms of agreeing scope and content of comfort letters.

However, we understand that the Exposure Draft was prepared in response to Australian auditors' requests for the Auditing and Assurance Standards Board (the "AUASB") to issue a standard equivalent to the Statement on Auditing Standards 72, *Letters for Underwriters and Certain Other Requesting Parties* ("SAS 72"¹), issued by the American Institute of Certified Public Accountants (the "AICPA"), for Australian auditors to follow when requested by one of their audit clients – an issuer of securities – to provide a comfort letter to certain parties in connection with a securities offering. We note however that this Exposure Draft diverges from the existing guidance provided in SAS 72.

More specifically we note that the Exposure Draft includes the requirement for an engagement letter to be entered into between auditors and underwriters. Whilst this addition requirement may have merit we are not aware of the omission of this requirement in SAS 72 resulting in any significant issues when raising capital in the United States. It is our concern that this additional requirement will result in us incurring significant costs in negotiating new arrangements with our auditors and underwriters in those jurisdictions where there are already well established practices which do not have similar requirements. Importantly, we expect that it has the potential to impact our ability to routinely access U.S. capital markets in a timely fashion.

¹ References herein to SAS 72 include its successors, SAS 76 and SAS 86, as codified in AU 634 (in each case as defined herein).

We believe that it is critical that the Exposure Draft be enacted in a form that will be able to co-exist and work harmoniously with existing comfort letter standards applicable to U.S. and other "offshore" (i.e., non-Australian) offerings, including SAS 72. It is our proposal that the Exposure Draft specifically exclude those securities offerings in jurisdictions which are covered by an existing auditing standard such as SAS 72 for issuances in the United States.

We would be very happy to discuss our comments with you. Should you have any queries on our comments, please feel free to contact me at jeremy.robson@anz.com, Richard Hayes, Head of Accounting Policy (richard.hayes@anz.com) or Sean Mitchell, Head of Legal, Group Treasury (sean.mitchell@anz.com).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jeremy Robson', followed by a long horizontal flourish line.

JEREMY ROBSON
Deputy Chief Financial Officer