



2015

SHAREHOLDER
REVIEW



shareholder.anz.com
Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522.
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ANZ 180
YEARS

ANZ 180
YEARS

1835



Bank of Australasia opens in Sydney

1887



Bank of Australasia employs first woman typist (believed to be the first woman employed by an Australian Bank) Mary Swift who was appointed to the position of "lady type writer".

1951 ANZ BEGAN

in London when The Bank of Australasia merged with Union Bank of Australia to form ANZ Bank Limited



1970

ANZ Bank merged with the ES&A Bank (English, Scottish and Australian Bank) to become Australia and New Zealand Banking Group Limited

1965



ANZ Bank Limited takes delivery of its first computer, a General Electric 225 at a cost of £334,000. It was named EMANZA (Electronic Method of ANZ Accounting) and was installed at 177 Toorak Road, South Yarra, Melbourne

2015



World first to roll out 'Tap and Pin' contactless ATMs

2014 Grow

ANZ launched a new app called "Grow by ANZ" that combines share trading, superannuation, insurance and everyday banking.

1

MILLION
CUSTOMERS



ANZ's mobile banking app ANZ goMoney™ reaches more than one million customers

180 YEARS

2015

OUR EXPERIENCE OVER THE LAST 180 YEARS PUTS US IN A POWERFUL POSITION FROM WHICH TO EMBRACE FUTURE CHALLENGES AND OPPORTUNITIES.

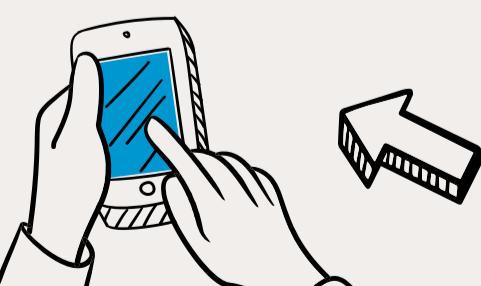
2013



2012

Integration of The National Bank of New Zealand into ANZ brand

2010

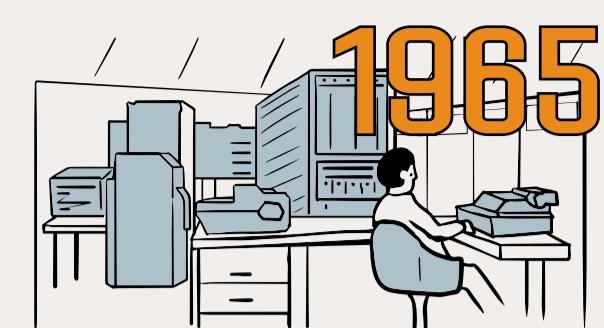


ANZ goMoney™ was first "mobile to mobile" or "person to person" payment app in the Australian Market



2009

Acquisition of RBS assets in Indonesia, Singapore, Taiwan and Hong Kong. Completed the acquisition of ING Australia and ING New Zealand wealth businesses.

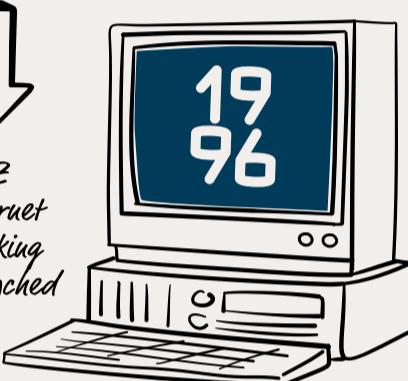


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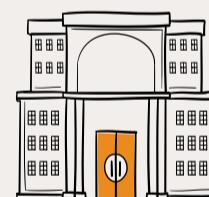
1984 PURCHASED GRINDLAYS



ANZ internet banking launched



2000 ANZ SELLS GRINDLAYS



2003

Acquired National Bank of New Zealand

LAUNCHED SUPER REGIONAL STRATEGY

2008

ANZ announced the launch of internet banking services for Apple iPhone users, to coincide with the Australian launch of iPhone, making ANZ the first Australian bank to announce a customised banking service for iPhone



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ABOUT THIS DOCUMENT

The 2015 Shareholder Review provides an overview of ANZ's strategic direction and financial and non-financial performance for 2015. Our long-term investment in lifting levels of financial literacy and inclusion remains our priority community investment focus.

All information contained within this document is for the year ended 30 September 2015 unless otherwise stated. All figures are in Australian dollars unless otherwise stated.

MORE INFORMATION

General information on ANZ can be obtained from our website: anz.com. Shareholders can visit our Shareholder Centre at shareholder.anz.com.

ANZ Corporate Governance: For information about ANZ's approach to Corporate Governance and to obtain copies of ANZ's Constitution, Board/Board Committee Charters, Shareholder Charter, Codes of Conduct and Ethics and summaries of other ANZ policies of interest to shareholders and stakeholders, visit anz.com/governance.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

This Shareholder Review (Review) has been prepared for Australia and New Zealand Banking Group Limited ("the Company") together with its subsidiaries which are variously described as: "ANZ", "Group", "ANZ Group", "the Bank", "us", "we" or "our".

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Asia
Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, Thailand, Vietnam
Europe
United Kingdom, France, Germany
Pacific
American Samoa, Cook Islands, Timor-Leste, Fiji, Guam, Kiribati, New Caledonia, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu
Middle East
U.A.E. (Dubai)
United States of America

IMPORTANT DATES FOR SHAREHOLDERS¹

MAY 2016	JULY 2016	DECEMBER 2016
3rd Interim Results Announcement	1st Interim Dividend Payment Date	15th Final Dividend Record Date
9th Interim Dividend Ex-Date		16th DRP/BOP/Foreign Currency Election Date
10th Interim Dividend Record Date		16th Annual General Meeting (Melbourne)
11th DRP/BOP/Foreign Currency Election Date	3rd Annual Results Announcement	14th Final Dividend Ex-Date

¹ If there are any changes to these dates, the Australian Securities Exchange will be notified accordingly.

NOVEMBER 2016

Annual General Meeting (Melbourne)



CHAIRMAN'S REPORT

A MESSAGE FROM DAVID GONSKI, AC

I am pleased to report that ANZ's statutory profit after tax for the 2015 financial year was \$7.5 billion, up 3%. The cash profit (which excludes non-core items from the statutory profit) was \$7.2 billion, up 1%.

The final dividend of 95 cents brought the total dividend to 181 cents per share fully franked, an increase of 2%. This will see us pay out a record \$5.1 billion to shareholders for 2015.

STRENGTHENING CAPITAL

During the year, the Financial System Inquiry found that Australia has a sound financial system which provides a strong platform for the Australian economy. The Inquiry also recommended that Australian banks should be "unquestionably strong".

Capital is one measure of strength and subsequently the Australian Prudential Regulation Authority increased the capital allocated against Australian home lending which applies from July 2016.

In response to the changing regulatory environment, ANZ continued to strengthen its capital position. In August 2015, we undertook an institutional share placement and a successful retail share purchase plan offer that raised a total of \$3.2 billion in equity capital. We were pleased that so many of our retail shareholders chose to participate in the share purchase plan in an amount greater than they would have otherwise been able to do so under an equivalent rights issue.

ANZ ended the financial year with our Common Equity Tier 1 capital ratio at 9.6%, placing ANZ within the top quartile of international peer banks.

A well-capitalised, well-managed banking system is in the interest of customers, shareholders and taxpayers. Additional capital requirements do however come at a cost and these have to be borne

both by some bank customers (who pay higher interest rates) and by shareholders (whose returns are affected).

NEW CHIEF EXECUTIVE OFFICER

At the start of October, your board appointed Shayne Elliott to become Chief Executive Officer on 1 January 2016, succeeding Mike Smith.

Shayne is currently ANZ's Chief Financial Officer responsible for all aspects of Finance as well as Group Strategy, Legal, Treasury, Investor Relations and Mergers and Acquisitions. He has over 30 years' experience in international banking and joined ANZ as CEO of Institutional Banking in June 2009.

He was the outstanding candidate for the role of Chief Executive given his deep knowledge of ANZ, his strategic vision, global financial services experience and his track record of building and leading strong international management teams.

Mike Smith steps down after eight years as Chief Executive on 31 December 2015. Mike has successfully guided ANZ through the global financial crisis and he has transformed ANZ into Australia's only international bank with a focus on Asia Pacific. He has also been instrumental in developing ANZ's values-led culture and has been a leader in diversity and financial literacy. ANZ is uniquely well positioned because of the foundations Mike has created. On behalf of all at the ANZ I wish to thank him most sincerely.

CORPORATE SUSTAINABILITY

We are managing our business sustainably and for the long-term. Identifying and managing our social and environmental risks and opportunities is fundamental to our business strategy.

We have achieved or made good progress towards many of our targets in 2015. Although we still have much more to do, we increased the number of women in management to over 40%. We have invested almost

\$75 million in the communities in which we operate, to support economic growth and development, improve wellbeing and build reputation and trust.

During 2015, we continued to address the risks and opportunities associated with climate change. As part of this we are playing our part in an orderly transition to a de-carbonised economy.

We have pledged to fund and facilitate \$10 billion over five years to support a range of measures including energy efficiency, low-emissions transport, green buildings and renewable energy. We have also strengthened our due diligence processes which govern our lending to coal mining, transportation and the power generation sectors.

These are positive steps which support our customers in the resources and power generation sectors and balancing the need to maintain access to a secure and affordable energy supply and supporting the efforts of governments around the world to limit global temperature increases.

OUTLOOK

There remain significant opportunities for ANZ in 2016 based on the strength of our customer franchises in Australia, in New Zealand and in 32 countries in Asia, the Pacific, Europe and America.

Lower economic growth, the growing cost of regulation and market volatility present challenges for all banks however I believe ANZ is well positioned to maintain its momentum and to deliver growth and value to shareholders over the medium term.

David Gonski, Chairman

A MESSAGE FROM MICHAEL SMITH, OBE

ANZ produced another record result in 2015. In a constrained environment, we continued to see growth in our customer franchises in Australia, in New Zealand and in key Asian markets.

STRONGER IN AUSTRALIA AND NEW ZEALAND

The Australia Division performed strongly with cash profit up 7% based on market share gains in key segments.

During 2015, 150,000 more customers chose to bank with ANZ. Many of these customers were in New South Wales where we have been investing to take advantage of the state's positive growth outlook. More Australians are also choosing to finance their homes with us because we offer a fast and convenient experience.

Commercial Banking performed well, particularly small business banking where we have invested in more front-line people and improved systems. We also simplified our business by entering into an agreement to sell the Esanda Dealer Finance portfolio to Macquarie Group.

In New Zealand we continued to achieve good outcomes with cash profit up 3% in New Zealand Dollar terms. In New Zealand we have a market leading position and we again grew market share in key segments including home loans and credit cards. The Commercial business also grew strongly across all regions.

The Global Wealth Division increased cash profit by 11% with the insurance and private wealth businesses performing strongly. Global Wealth continues to reshape our customers' experience through new digital solutions and innovative products such as ANZ Smart Choice Super.

CEO'S REPORT

INSTITUTIONAL BANKING – GROWTH IN ASIA, CHALLENGING CONDITIONS

In Asia we continued to increase market share in Institutional and Corporate Banking. We completed our Asian footprint with the opening of branches in Thailand and in Myanmar, and we opened a new branch in Qingdao in China. Greater China is now our largest source of profit outside Australia and New Zealand.

Nevertheless, cash profit was down 2% in International and Institutional Banking reflecting the challenging global environment. This included pronounced market volatility in the final weeks of 2015 which saw a disappointing trading outcome in our Global Markets business.

SUPER REGIONAL STRATEGY

At the end of December 2015, I am stepping down as Chief Executive Officer and our Chief Financial Officer Shayne Elliott will succeed me.

I joined ANZ in 2007 with a long-term vision to create a super regional bank that built on ANZ's extensive history as a commercial bank with an international focus.

In that time we have built a stronger, more profitable bank. ANZ is better capitalised and our balance sheet is of a higher quality with total assets having more than doubled to \$890 billion. Our management depth, the capability of our people and our culture and values are also stronger.

The result is that profits are also up by more than 80% since 2007 to over \$7 billion this year.

Importantly, we have created a better bank for our customers with a stronger brand and more retail, commercial and institutional customers choosing to bank with us.

Today Australia and New Zealand's economic prosperity is directly tied to Asia. Our largest trading partners are in Asia and this is being supported by a growing number of free trade agreements. It's our largest source of foreign investment including underpinning growth in the resources sector, in agriculture, in tourism and in construction.

At ANZ, we have turned our presence in Asia into a real business that connects our Australian and New Zealand customers with opportunities in the fastest growing region in the world economy. This has required a significant investment to build banking capability, to introduce new technology and to obtain regulatory approval for new licences to provide a full range of services to our customers.

We have done this through the global financial crisis which created the most difficult international banking environment the world has seen for many decades, but also provided unique opportunities for us to accelerate our growth in the region.

I know our customers, staff and shareholders are proud of what we have achieved. And I know Australians and New Zealanders are proud to have a home-grown international bank like ANZ when they use an ANZ ATM in Hanoi, when their business uses ANZ to finance their exports to Shanghai or when they see our signage in the Singapore or Jakarta skyline.

Thousands of ANZ people have worked hard to produce these results and to support our customers. On behalf of shareholders, I would like to thank them all for their contribution.

I know I am leaving ANZ in good hands when Shayne succeeds me as Chief Executive on 1 January 2016 and that the best for ANZ is yet to come.

Michael Smith, OBE
Chief Executive Officer



AUSTRALIA¹

MARK WHELAN, CEO

BUSINESS OUTCOMES

The Australia Division continued its trend of cash profit improvement with profit and PBP growth of 7%. The result was driven by growth in customer numbers along with increased product sales and market share.

Investment focused on digital platform enhancement, increasing distribution sales capacity and capability, growing our presence in particular in New South Wales (NSW), a high growth market where ANZ has historically been underweight, and building out specialist propositions in key sectors of Corporate and Commercial Banking (C&CB).

Lending grew 9% with deposits up 5%. Sales performance has been strong, particularly in Home Lending, Credit Cards and Small Business Banking. ANZ has grown home lending market share consistently now for six years driven by capability and capacity improvements in our branches, online, in ANZ's mobile lender team and improved broker servicing.

ANZ's C&CB business grew lending by 6% despite patchy sentiment in the Commercial sector, with Small Business Banking performing particularly strongly, up 12%. Increased specialist capability saw lending to the Health sector up 16% in the second half.

ANZ has seen strong commercial outcomes from its investment in digital capability with increased numbers of customers engaging with the business via digital channels. In 2015 sales via digital channels grew 30%, new to bank goMoney™ customers grew 89% and product purchases on mobile devices increased 121%.

FINANCIAL PERFORMANCE (\$m)

	2015	2014	MOV'T %
Operating income	8,678	8,193	6%
Operating expenses	(3,157)	(3,015)	5%
Profit before credit impairment and income tax	5,521	5,178	7%
Credit impairment charge	(853)	(818)	4%
Profit before income tax	4,668	4,360	7%
Income tax expense and non-controlling interest	(1,394)	(1,306)	7%
Profit after tax	3,274	3,054	7%
Total assets	316,583	290,564	9%
Contribution to group earnings	45%	43%	

2010

ANZ launched a free mobile banking application for the iPhone called ANZ goMoney™.



NEW ZEALAND¹

DAVID HISCO, CEO

BUSINESS OUTCOMES

New Zealand Division cash profit grew 3% with PBP up 7%. Ongoing business momentum is reflected in balance sheet growth which along with capital and cost discipline (costs +2%) has grown returns. While underlying credit quality remains robust and gross impaired assets continued to decline, a lower level of provision write-backs year-on-year saw the provision charge normalising although remaining modest at \$59 million.

Lending grew 8% with deposits up 14%. Brand consideration remains the best of the top four banks, strengthening further. In turn, this is translating into lending demand with ANZ now the largest mortgage lender across all major cities. ANZ has grown market share in key categories during the year including mortgages, credit cards, household deposits, life insurance, KiwiSaver and business lending. The Commercial business grew strongly across all regions with lending up 8%.

ANZ increased investment in digital and in sales capability. Sales revenue generated from digital channels increased 32%. A focus on delivering a great digital experience for customers has seen ANZ's mobile banking app 'goMoney™' consistently scoring above 98% in customer satisfaction and, with over half a million customers, it is the most downloaded banking app in New Zealand.

(all figures in NZD)

FINANCIAL PERFORMANCE (NZ\$m)

	2015	2014	MOV'T %
Operating income	2,895	2,754	5%
Operating expenses	(1,148)	(1,127)	2%
Profit before credit impairment and income tax	1,747	1,627	7%
Credit impairment charge	(59)	9	large
Profit before income tax	1,688	1,636	3%
Income tax expense and non-controlling interest	(473)	(459)	3%
Profit after tax	1,215	1,177	3%
Total assets	108,270	100,346	8%
Contribution to group earnings ²	16%	15%	

2009

ANZ officially opened Guangzhou branch in China, its first branch in southern China, and third branch in mainland China



INTERNATIONAL & INSTITUTIONAL BANKING¹

ANDREW GÉCZY, CEO

BUSINESS OUTCOMES

IIB cash profit declined 2% with PBP down 1%. While it has been a challenging year for the business we have continued to develop the customer franchises in Asia, New Zealand and Australia with particularly good outcomes in Asia. Customer sales in our higher returning products demonstrated good growth with cash deposits up 11%, commodities sales up 44% and rates sales up 32%.

Global Markets customer income continued a pattern of steady year on year increases, up 7%. Despite a strong performance over the nine months to the end of the third quarter, changed financial market conditions in the last six weeks of the fourth quarter caused significant dislocation and a widening of credit spreads, which particularly impacted trading income as well as suppressing sales. This meant total Global Markets income finished the year down 2%.

A multi-year investment in the high returning Transaction Banking Cash Management capability has seen Cash Management deposits up 48% over the past three years. Similarly investment in Global Markets product, technology and customer sales capability has driven good outcomes with Foreign Exchange income up 24% over the past three years to represent 42% of the book.

IIB has been refining key business areas. Reduced exposure to some lower returning areas of the Trade business, while lowering Trade income slightly, has improved returns. In the Global Loans business, increased focus on RWA efficiency over the course of the second half saw profit decline but margins and returns on RWA begin to stabilise.

FINANCIAL PERFORMANCE (\$m)

	2015	2014	MOV'T %
Operating income	7,419	7,105	4%
Operating expenses	(3,616)	(3,275)	10%
Profit before credit impairment and income tax	3,803	3,830	-1%
Credit impairment charge	(295)	(216)	37%
Profit before income tax	3,508	3,614	-3%
Income tax expense and non-controlling interest	(844)	(906)	-7%
Profit after tax	2,664	2,708	-2%
Total assets	423,008	342,984	23%
Contribution to group earnings	37%	38%	

2009

Completed the acquisition of ING Australia and ING New Zealand wealth businesses.



GLOBAL WEALTH¹

JOYCE PHILLIPS, CEO

BUSINESS OUTCOMES

The Global Wealth Division increased profit by 11%. Positive performance was experienced across all business units. Insurance delivered growth in in-force premiums along with stable claims and lapse experience, which contributed to an 18% increase in both embedded value and in the value of new business. Private Wealth continued to deliver growth through customer focused investment solutions – with FUM increasing 22% and customer deposits 33% year-on-year.

Global Wealth continues to reshape the customer experience through new digital solutions. Recent innovations include 'Advice on Grow™', new tools improving the advice experience, while 'Insurance on Grow™' will soon be released to the market.

ANZ Smart Choice Super leads the industry in value for money and innovation. FUM now exceeds \$4.3 billion and for the second year ANZ Smart Choice received the prestigious Super Ratings Fastest Mover award. ANZ KiwiSaver continues to build its market position with FUM growing 32% to \$7 billion. Global Wealth's focus on improving customer experience is reflected in the increased sale of Wealth solutions through ANZ channels with growth of 8% year-on-year.

FINANCIAL PERFORMANCE (\$m)

	2015 ³	2014 ⁴	MOV'T %
Operating income	1,730	1,745	-1%
Operating expenses	(975)	(1,004)	-3%
Profit before credit impairment and income tax	755	741	2%
Credit impairment charge	-	2	-100%
Profit before income tax	755	743	2%
Income tax expense and non-controlling interest	(154)	(201)	-23%
Profit after tax	601	542	11%
Contribution to group earnings	8%	8%	

¹ All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014, not adjusted for FX and on a cash basis unless otherwise noted.

¹ All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014, not adjusted for FX and on a cash basis unless otherwise noted.

² 2015 profit after tax includes a one-off tax consolidation benefit of \$56 million.

³ 2014 results include a one-off ANZ Trustees gain on sale income (\$125m), ANZ Trustees related expenses and subsequent investments in productivity initiatives (-\$41m), resulting in a profit after tax benefit of \$64m.

Excluding the above one-offs, the normalised profit after tax growth for 2015 is 14%.



BUILDING FINANCIAL INCLUSION AND ECONOMIC EMPOWERMENT

ACTION

Providing accessible services and financial literacy programs, particularly in rural areas

- More than 146,000 customers are registered for goMoney™ in the Pacific, with over 57% new to ANZ and residing in predominantly unbanked communities
- Our rural banking services in China and Fiji enable economic participation for thousands of customers in remote locations
- MoneyMinded financial education programs now available online, offering increased access to the community

ACTION

Supporting women across the region to achieve an equal financial future

- We offer free financial advice by telephone for women and men with less than \$50k of superannuation in Australia¹
- 72% of MoneyMinded participants in Australia are women
- We support Microfinance institutions in Asia and the Pacific and encourage women to build savings and financial wellbeing

ACTION

Supporting lower-income people to build savings and assets through Saver Plus

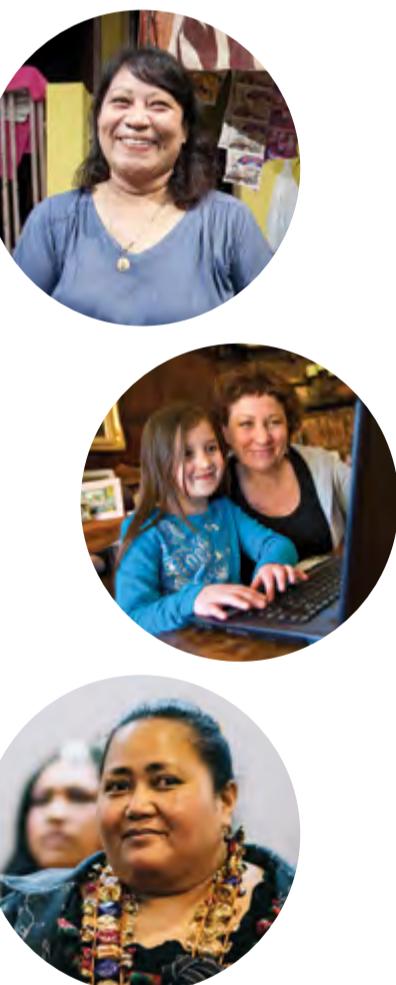
- Saver Plus has reached 27,505 lower-income participants since 2004, 86% of them women
- Saver Plus participants have saved over \$16.9m
- Based on the increased ability of participants to save, RMIT University estimates a Saver Plus Social Return on Investment (SROI) of \$3.98 for every dollar of government investment in Saver Plus

CHALLENGES

Financial inclusion – access to financial products and services – is widely recognised as being fundamental to individual wellbeing and the development of economies. Levels of financial inclusion vary across the diverse markets in which ANZ operates. For example, in some of our Pacific markets up to half of the population is unbanked, with many living in rural or remote locations. Financial Literacy – knowing how to use financial products and services, save and make sound financial decisions – is essential to financial inclusion.

In markets with high numbers of unbanked people, levels of financial literacy tend to be low. In our home markets of Australia and New Zealand, our research identifies groups most likely to have low levels of financial literacy: young people, people with low levels of education, people in 'blue collar' occupations and people with low levels of assets and savings.

With ageing populations in our home markets, governments are providing incentives for people to save during their working lives to provide greater financial security in retirement and a pension 'safety net' where these savings are insufficient. Our research into financial gender equity in Australia identifies single women as the group most at risk of retiring with low levels of savings and superannuation.



ACTION

Supporting small business and micro-entrepreneurs to build prosperous livelihoods

- We have developed a MoneyMinded Business Basics program, to support small businesses in the Pacific with financial literacy, business planning and banking support

ACTION

Working in cross-sector partnerships to achieve sustainable outcomes and shared value

- Our flagship financial education program MoneyMinded has reached over 360,000 people² across the region through partnerships with community organisations, customers and governments
- In 2015, the Australian Government committed a further \$29.4m to Saver Plus (ANZ will contribute \$17m), to enable our partners to continue delivering the program to over 16,700 people in 60 communities across Australia over the next five years

ACTION

Undertaking regular research to inform dialogue with stakeholders and thought leaders

- In 2015 we published the fifth Survey of Adult Financial Literacy in Australia³, used as a benchmark by government, regulators and a range of stakeholders in Australia

ACTION

Ensuring our programs are effective

- Our report *Saver Plus: A Decade of Impact*⁴ demonstrates the value of this savings program in supporting social inclusion and economic empowerment
- 87% of participants continue to save the same amount or more after completing Saver Plus
- 91% of MoneyMinded online participants and 82% of face-to-face participants said they could cope better with unexpected expenses

OUR APPROACH TO SUSTAINABILITY

ANZ's approach to sustainability supports achievement of our business strategy by guiding the way we make decisions and conduct business in all of the markets in which we operate. Our decision making processes take into account the social and environmental impacts of ANZ's operations and prioritise building trust and respect amongst our stakeholders.

To enable us to identify and prioritise our most material social and environmental risks and opportunities, we undertake an annual materiality assessment. This year's process incorporated the views of a diverse range of internal and external stakeholders in Australia, New Zealand, the Pacific and Asia. They identified responsible business lending, consumer protection, data security and technology and fraud and money laundering, as the most important sustainability issues facing ANZ. The outcomes of our materiality assessment inform the setting of our public sustainability targets, which help to improve business performance in support of ANZ's strategy.

ANZ's Corporate Sustainability Framework encapsulates our approach. The framework identifies three priority areas of our sustainability agenda:

- Sustainable Development
- Diversity & Inclusion
- Financial Inclusion & Capability

and five areas considered essential to a responsible company operating in a global market.



COUNTING THE BENEFITS OF FLEXIBLE WORKING CASE STUDY

To attract and retain the best people and service our customers better we introduced our 'All Roles Flex' policy in Australia and New Zealand this year. Our transition from traditional work patterns to a more flexible approach began four years ago with 'business neighbourhoods' across our offices replacing individual desk 'ownership'.

The foundations established by this workplace change management program have since been built on with new flexibility policies and initiatives. Flexible working is becoming the norm, with 87% of our employees reporting working flexibly.

While flexible working benefits our employees, enabling them to balance work and personal commitments, it also allows us to service our customers when it best suits them. Furthermore, it has led to tangible cost savings for the business.

In 2011, our non-branch workforce was scattered across 10 locations in Melbourne and its suburbs. Fast forward to 2015, and due to a combination of innovative building design and 'activity-based' work environments, as well as flexible work policies and practices, our property portfolio in Melbourne (where ANZ is headquartered) has been consolidated into four strategic locations, running at around \$30 million less in costs each year in 20% less office space.

BRIDGING TO A LOW CARBON ECONOMY

ACTION

We will fund and facilitate \$10 billion over the next five years to support our customers to transition to a low carbon economy, including increased energy efficiency in industry, low emissions transport, green buildings, reforestation, renewable energy and battery storage, emerging technologies (such as carbon capture and storage) and climate change adaptation measures

ACTION

We will only consider financing new coal-fired power plants that use advanced technologies and higher quality coal to significantly reduce emissions to at least 0.8 tCO₂/MWh⁵. This means power generation at up to ~50% lower emissions than many power stations in use today. It also means we will not finance any new build of conventional coal-fired power plants⁶

CHALLENGE

To address the potential impacts of climate change, governments around the world are seeking to limit the average global temperature rise to no more than 2°C above pre-industrial levels. We recognise that achieving this is a shared challenge which will require net-zero emissions of greenhouse gases by the end of the century⁷. As part of our 'bridging to a low carbon economy framework', we are taking steps to support the transition to a low carbon economy. ANZ's Statement on Climate Change is available on anz.com

ACTION

We have strengthened our lending rules governing coal mining, transportation and use of coal in electricity generation

ACTION

We have reduced our Group-wide greenhouse gas emissions from premises energy by 8% (based on a 2013 baseline)

ACTION

We have increased the proportion of low carbon energy generation in our project finance energy portfolio to 81.7% from a 2011 baseline of 59%



SUPPORTING RENEWABLE ENERGY CASE STUDY

ANZ was the lead arranger for the Burgos Wind Project (BWP) located in Northern Philippines. Commissioned in November 2014, it is the biggest operating wind farm in the Philippines, expected to generate approximately 233 GWh annually and power over a million households. It will also displace approximately 200,000 tons of carbon emissions annually. BWP has won several awards, including being named the Asia-Pacific Renewables Deal of the Year by Project Finance International in 2014.

22% GAS

59.7% RENEWABLE

18.3% COAL

OUR ENERGY PORTFOLIO

¹This offer is available to those aged over 18 and in Australia. The advice offer waives advisor and implementation fees for phone-based superannuation (excluding SMSF) and life insurance advice, and commissions to ANZ or its advisors for life insurance advice. Product fees and insurance premiums may be incurred if advice is implemented. Ongoing advice is not included in this offer.

²This is the estimated number of people who have benefited from ANZ's MoneyMinded financial literacy education program since 2003.

³www.anz.com/resources/3/131cbc1fd-9491-4a22-91dc-4c803e4c34ab/adult-financial-literacy-survey-full-results.pdf

⁴www.anz.com/resources/a/7/a7ab5ce8-9cf1-42f6-8a02-46dfe2fe5194/saver-plus-decade-impact.pdf

⁵'Net' greenhouse gas emissions includes the impacts of activities that remove carbon dioxide from the atmosphere (such as carbon sequestration in forests or geological formations) and of international trade in credible emissions entitlements and offsets.

⁶For example, ultra-supercritical plants using the advanced, commercially proven low-emissions technologies to reduce emissions by up to ~50% compared to some existing subcritical plants.

⁷'Conventional' plants are those plants not utilising advanced, commercially proven technologies (such as supercritical or ultra-supercritical boilers, gasification or circulating fluidised boilers) to significantly reduce CO₂ emissions.



GLOBAL TECHNOLOGY, SERVICES & OPERATIONS

ALISTAIR CURRIE, GROUP CHIEF OPERATING OFFICER

BUSINESS PROFILE

Global Technology, Services & Operations (GTSO) is the delivery division for the bank, responsible for technology, shared services and operations across ANZ's global footprint.

The division also manages ANZ's major transformation projects and the commercial and branch property portfolio. GTSO is delivering the next generation of enterprise platforms that will underpin further growth and improve banking for customers globally. ANZ's regional delivery network with key locations in Melbourne, Wellington, Bengaluru, Manila, Chengdu and Suva, plus integrated operations in dozens of other countries, provides unmatched scale, flexibility and business continuity.

GTSO continues to drive productivity across ANZ and is focusing on the application of digitisation and process industrialisation to deliver a better customer experience and strong, sustainable bottom line improvements.

SUPPORTING OUR INCREASINGLY GLOBAL CUSTOMER BASE CASE STUDY

ANZ is transforming the way in which it serves its commercial and wholesale customers through a series of enterprise investments in a Global Wholesale Lending capability. These investments are driving greater resilience and standardisation across the regional network, increasing automation and continuing to improve the Wholesale Lending experience for customers and staff.

ANZ now has one way of processing agency loan¹ transactions across all its locations. The new Wholesale Loans platform allows teams in Australia and New Zealand to send payments of any value in multiple currencies, with minimal manual handling. This means agency loan customers get their money faster, with high accuracy, while staff save valuable hours. Considering wholesale loans generate over 20% of ANZ's operating revenue, and represents over \$140 billion of transactions, this is significant.

Automation has removed the need for 380 spreadsheets, and enabled the use of one connection into 30 payments and accounting systems, with over

\$28 billion in payments and transactions processed in the first four months.

Nigel Dobson, General Manager Group Payments Management, said: "Taking an enterprise approach, we're able to introduce any new payments capabilities to enterprise platforms like this in the future. We can leverage our greatly-simplified platform model to enable increased speed and lower costs for all ANZ business units, and significantly reduce operating risk, as well as being able to introduce new customer features faster."

ANZ's regional delivery network is improving operating resilience whilst supporting business growth, delivering 10% year-on-year productivity, and increasing the servicing window for Wholesale customers to more than 20 hours per day.

"Our ability to rapidly respond to client requests for multi-currency, multi-region payments is key to supporting our increasingly global customer base. If a customer wants to draw their loan facility today in U.S. dollars, our teams can now do this in minutes with the click of a button," said Christina Tonkin, Managing Director Global Loans & Advisory.

¹ Agency Loans – Loans where our Agency Services team acts as an intermediary between a borrower and the lending participants in the administration of a transaction.

"The whole industry's going to fundamentally change: Social expectations, how people expect their banks to operate, how they interact.

That's about fundamentally rethinking what our role in the communities in which we operate actually is. I think there's going to be whole new business models that emerge as a result of that.

Disruptors essentially are just taking advantage of that. We're a big complicated organisation but we need to be really agile if we're going to succeed in the future. To me that's the essence of the challenge in the future."

**SHAYNE ELLIOTT,
INCOMING ANZ CEO**



5 YEAR SUMMARY

FINANCIAL

\$14,616 MILLION NET INTEREST INCOME

The 27% increase over five years represents our strong investment strategy.

\$889,900 MILLION TOTAL ASSETS

Our expanded total asset value results from dynamic growth in Asia.

\$78,606 MILLION MARKET CAPITALISATION

Our strong market position locates us perfectly for our medium to long term goals.

FIVE-YEAR SUMMARY 2011 – 2015

FINANCIAL PERFORMANCE

	2015	2014	2013	2012	2011
Net interest income (\$m)	14,616	13,797	12,772	12,110	11,500
Other operating income (\$m)	5,902	5,781	5,619	5,738	5,385
Operating expenses (\$m)	(9,359)	(8,760)	(8,257)	(8,519)	(8,023)
Profit before provisions and income tax (\$m)	11,159	10,818	10,134	9,329	8,862
Credit impairment charge (\$m)	(1,205)	(989)	(1,197)	(1,258)	(1,220)
Income tax expense and non-controlling interest (\$m)	(2,738)	(2,712)	(2,445)	(2,241)	(2,175)
Cash / Underlying profit ² (\$m)	7,216	7,117	6,492	5,830	5,467
Adjustments to arrive at statutory profit ³ (\$m)	277	154	(182)	(169)	(112)
Profit attributable to shareholders of the Company (\$m)	7,493	7,271	6,310	5,661	5,355

FINANCIAL POSITION

Total Assets (\$m)	889,900	772,092	702,995	642,127	604,213
Total Equity (\$m)	57,353	49,284	45,603	41,220	37,954
Common Equity Tier 1 ⁴ (%)	9.6	8.8	8.5	8.0	8.5
Common Equity Tier 1 – Internationally Comparable Basel 3 ⁵ (%)	13.2	12.5	12.7	11.6	n/a
Return on average ordinary equity ^{4,5} (%)	14.5	15.8	15.0	14.6	15.3
Return on average assets ⁵ (%)	0.9	1.0	0.9	0.9	0.9
Cost to income ratio ⁶ (%)	45.6	44.7	44.9	47.7	47.5

SHAREHOLDER VALUE - ORDINARY SHARES

Total return to shareholders (%)	(7.5)	5.9	31.5	35.4	(12.6)
Market capitalisation (\$m)	78,606	85,235	84,450	67,255	51,319
Dividend (cps)	181	178	164	145	140
Share price – 30 September closing price (\$)	27.08	30.92	30.78	24.75	19.52

OTHER INFORMATION

Points of representation ⁶	1,229	1,220	1,274	1,337	1,381
Number of shareholders ⁷	546,558	498,309	468,343	438,958	442,943

¹ Since 1 October 2012, the Group has used cash profit as a measure of the result of the ongoing business activities of the Group enabling shareholders to assess Group and divisional performance against prior periods and against peer institutions. For 2012-2015 statutory profit has been adjusted for non-core items to arrive at cash profit. For 2011, statutory profit has been adjusted for non-core items to arrive at underlying profit, which like cash profit, is a measure of the ongoing business performance of the Group but used somewhat different criteria for the adjusting items. Neither cash profit nor underlying profit are audited; however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented.² Calculated in accordance with APRA Basel 3 requirements for 2012-2015. Comparatives for 2010-2011 are calculated on a Basel 2 basis. ³Previously disclosed International Harmonised capital ratios (Internationally Harmonised Basel 3) have been replaced with Internationally Comparable capital ratios as per the methodology in the 'Australian Bankers' Association: Internationally comparable capital ratios of Australia's major banks' (August 2014) report prepared by PWC Australia. The 2012 and 2013 ratios have been restated for change in methodology to Internationally Comparable capital ratios. ⁴Average ordinary equity excludes non-controlling interests and preference shares. ⁵Return on average ordinary equity and average assets have been calculated on a statutory basis, consistent with the last five years. ⁶Includes branches, offices, representative offices and agencies. ⁷Excludes employees whose only ANZ shares are held in trust under ANZ employee share schemes.



REMUNERATION OVERVIEW

The following provides a summary of the remuneration for the Non-Executive Directors, Chief Executive Officer (CEO) and Disclosed Executives – key management personnel. A more detailed Remuneration Report is contained in the Annual Report from page 31 onwards. The report can be accessed via the ANZ website anz.com/annualreport as well as in hard copy.

NON-EXECUTIVE DIRECTORS REMUNERATION

The Board is responsible to shareholders for the governance of ANZ. It approves the strategic direction, financial objectives and appropriate risk appetite for the organisation and oversees ANZ's operations and financial performance.

Financial Year	D Gonski ¹		I Atlas ²		P Dwyer		HY Lee		G Liebelt		I Macfarlane		J Macfarlane ³	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
NED fees and non monetary Benefits (\$)	791,085	383,559	270,460	3,995	336,085	320,524	306,085	296,973	331,085	300,764	323,585	319,473	293,585	103,109
Superannuation Guarantee Contribution (\$)	18,915	11,837	18,915	380	18,915	18,027	18,915	18,027	18,915	18,027	18,915	18,027	18,915	7,557
Total Remuneration (\$)	810,000	395,396	289,375	4,375	355,000	338,551	325,000	315,000	350,000	318,791	342,500	337,500	312,500	110,666

¹D Gonski commenced as a Non-Executive Director on 27 February 2014 and as Chairman on 1 May 2014 so 2014 remuneration reflects amounts received for the partial service for the 2014 year.

²I Atlas commenced as a Non-Executive Director on 24 September 2014 so 2014 remuneration reflects amounts received for the partial service for the 2014 year.

³J Macfarlane commenced as a Non-Executive Director on 22 May 2014 so 2014 remuneration reflects amounts received for the partial service for the 2014 year.

NON-STATUTORY REMUNERATION

The following table provides a summary of the remuneration for the Chief Executive Officer (CEO) and Disclosed Executives.

CEO AND CURRENT DISCLOSED EXECUTIVES	M Smith ²	A Currie ³	S Elliott ⁴	A Géczy ⁵		D Hisco ⁶		G Hodges ⁷		J Phillips ⁸		M Whelan ⁹		N Williams ¹⁰			
	Chief Executive Officer	Chief Operating Officer	Chief Financial Officer	Chief Executive Officer, International & Institutional Banking	2015	2014	Chief Executive Officer, New Zealand	2015	2014	Deputy Chief Executive Officer	CEO, Global Wealth, Group Managing Director, Marketing, Innovation & Digital	2015	2014	Chief Executive Officer, Australia	2015	2014	
FIXED																	
Remuneration (\$)	3,400,000	3,150,000	1,100,000	1,000,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,050,000	1,050,000	1,050,000	1,000,000	500,000	1,350,000	1,250,000	
Non monetary benefits (\$)	204,530	170,019	16,537	15,938	17,037	20,663	856,640	337,718	439,790	430,342	18,448	19,166	156,957	5,500	5,625	21,441	18,551
ANNUAL VARIABLE REMUNERATION (AVR)																	
Cash (\$)	2,050,000	2,050,000	1,000,000	950,000	1,300,000	1,300,000	850,000	900,000	1,162,631	1,150,083	800,000	800,000	900,000	900,000	500,000	1,000,000	950,000
Deferred as equity (\$)	1,950,000	1,950,000	900,000	850,000	1,200,000	1,200,000	750,000	800,000	1,062,631	1,050,082	700,000	700,000	800,000	800,000	400,000	900,000	850,000
Total (\$)	4,000,000	4,000,000	1,900,000	1,800,000	2,500,000	2,500,000	1,600,000	1,700,000	2,225,262	2,200,165	1,500,000	1,500,000	1,700,000	1,700,000	900,000	1,900,000	1,800,000
LONG TERM VARIABLE REMUNERATION (LTVR)																	
Total (deferred as equity) ¹ (\$)	-	3,400,000	750,000	750,000	2,100,000	800,000	800,000	800,000	699,264	699,260	500,000	500,000	700,000	700,000	350,000	750,000	750,000
TOTAL REMUNERATION																	
Received (\$)	5,654,530	5,370,019	2,116,537	1,965,938	2,567,037	2,570,663	2,956,640	2,487,718	2,783,664	2,745,918	1,868,448	1,869,166	2,106,957	1,905,500	1,005,625	2,371,441	2,218,551
Deferred as equity (\$)	1,950,000	5,350,000	1,650,000	1,600,000	3,300,000	2,000,000	1,550,000	1,600,000	1,761,895	1,749,342	1,200,000	1,200,000	1,500,000	1,500,000	750,000	1,650,000	1,600,000
Total (\$)	7,604,530	10,720,019	3,766,537	3,565,938	5,867,037	4,570,663	4,506,640	4,087,718	4,545,559	4,495,260	3,068,448	3,069,166	3,606,957	3,405,500	1,755,625	4,021,441	3,818,551

¹Total Remuneration assumes LTVR face value at 50% vesting (except for the CRO as LTVR is granted as deferred share rights).

²M Smith - Non monetary benefits include car parking, life insurance and taxation services. In 2015 equity to the value of \$2,149,382 vested in respect of previously disclosed deferred AVR granted in November 2012 and November 2013. Deferred LTVR which was granted in December 2011 and previously disclosed, lapsed in December 2014.

³A Currie - Non monetary benefits include car parking and taxation services. In 2015 equity to the value of \$732,721 vested in respect of deferred AVR granted in November 2012 and November 2013, and equity to the value of \$763,011 vested in respect of deferred LTVR granted in November 2011.

⁴S Elliott - Non monetary benefits include car parking and taxation services. In 2015 equity to the value of \$1,243,525 vested in respect of previously disclosed deferred AVR granted in November 2012 and November 2013. Deferred LTVR which was granted in November 2011 and previously disclosed, lapsed in November 2014. The 2015 LTVR relates to the proposed LTVR grant as incoming CEO, subject to approval by shareholders at the 2015 Annual General Meeting.

⁵A Géczy - Non monetary benefits include relocation expenses, car parking and taxation services.

⁶D Hisco - 2014 and 2015 remuneration value in the table represents his NZD remuneration converted to AUD at the average exchange rate for the 2014 and 2015 financial years respectively. Non monetary benefits include expenses related to his assigned deferred AVR granted in November 2012 and November 2013. Deferred LTVR which was granted in November 2011 and previously disclosed, lapsed in November 2014. D Hisco also received shares to the value of \$740 in relation to the Employee Share Offer in December 2014 and will receive shares to the value of \$736 in relation to the Employee Share Offer in December 2015.

⁷G Hodges - Non monetary benefits include car parking and taxation services. In 2015 equity to the value of \$646,299 vested in respect of previously disclosed deferred AVR granted in November 2012 and November 2013. Deferred LTVR which was granted in November 2011 and previously disclosed, lapsed in November 2014.

⁸J Phillips - Relocated to Sydney in 2015. Non monetary benefits include relocation expenses, car parking and taxation services. In 2015 equity to the value of \$658,846 vested in respect of previously disclosed deferred AVR granted in November 2012 and November 2013. Deferred LTVR which was granted in 2011 and previously disclosed, lapsed in November 2014.

⁹M Whelan - Commenced in a Disclosed Executive role on 3 April 2015 so 2015 remuneration reflects amounts prorated for the partial service year. Non monetary benefits comprise car parking.

¹⁰N Williams - Non monetary benefits include car parking and taxation services. In 2015 equity to the value of \$750,313 vested in respect of deferred AVR granted in November 2012 and November 2013 and equity to the value of \$763,011 vested in respect of deferred LTVR granted in November 2011. (LTVR is delivered as unhurdled deferred share rights and is not subject to meeting TSR performance hurdles.)