

2012  
SHAREHOLDER  
REVIEW

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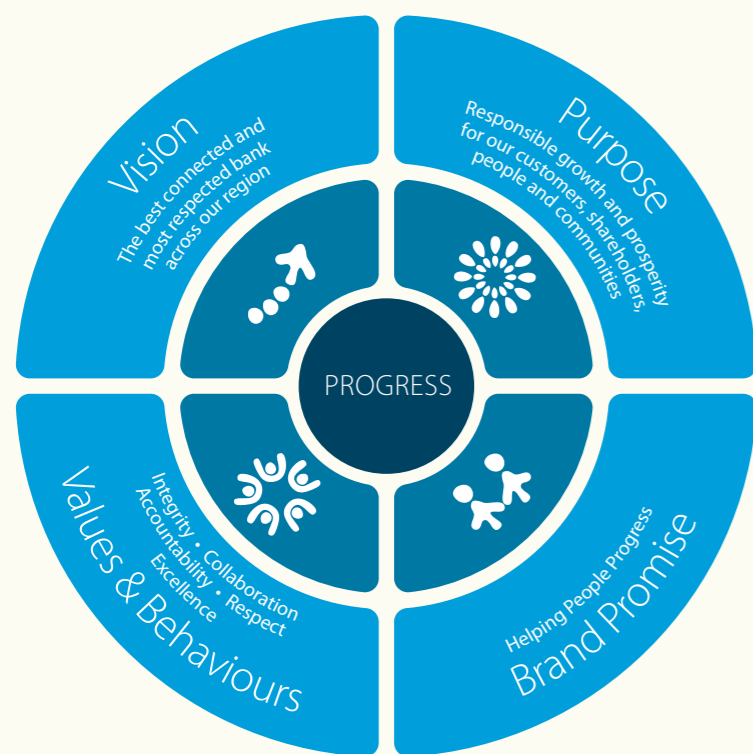
RIGHT PLACE RIGHT TIME



OUR SUPER REGIONAL STRATEGY PUTS ANZ IN THE  
**RIGHT PLACE AT THE  
 RIGHT TIME**

**OUR PEOPLE AND UNIQUE STRATEGY  
 ARE THE KEYS TO OUR SUCCESS**

ANZ is executing a focused strategy to build the best connected, most respected bank across the Asia Pacific region.



**OUR SUPER REGIONAL STRATEGY**

- » Strengthening our business in Australia, New Zealand and the Pacific, while establishing a significant presence in key markets in Asia.
- » Building connectivity to support customers who are operating increasingly within and across our region.
- » Providing our customers with the right financial solutions and insights to help them progress.
- » Growing and strengthening the bank by diversifying our earnings.

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**About this document**

The 2012 Shareholder Review provides an overview of ANZ's 2012 financial and non-financial performance and the Group's strategic direction.

Our work promoting money management skills among disadvantaged groups remains our priority community investment focus.

All information contained within this document is for the year ended 30 September 2012 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](http://anz.com). Shareholders can visit our Shareholder Centre on [shareholder.anz.com](http://shareholder.anz.com).

**ANZ Corporate Governance – Policies, Charters, Codes of Conduct and Ethics**

Information regarding ANZ Corporate Governance including information about the Board, Board-related charters, the Group Codes of Conduct and Ethics, the Conduct and Ethics Policy Framework (including Fraud Policy, Anti-Bribery and Anti-Corruption Policy, Whistleblower Protection Policy, Equal Opportunity, Bullying and Harassment Policy, Health and Safety Policy), the ANZ Constitution, ANZ Shareholder Charter and other related items can be accessed on the ANZ website [anz.com/governance](http://anz.com/governance).

DOING THE  
**RIGHT THING AT THE  
 RIGHT TIME**

OUR CORPORATE RESPONSIBILITY FRAMEWORK IS DESIGNED TO HELP US BE A MORE SUCCESSFUL BUSINESS BY PROMOTING OUR VALUES AND BEHAVIOURS THROUGHOUT ANZ AND BY RESPONDING TO THE INTERESTS AND NEEDS OF THE SOCIETIES AND MARKETS IN WHICH WE OPERATE.

The framework was developed in consultation with more than 600 stakeholders, including staff, customers, community groups, non-government organisations, government and regulators.

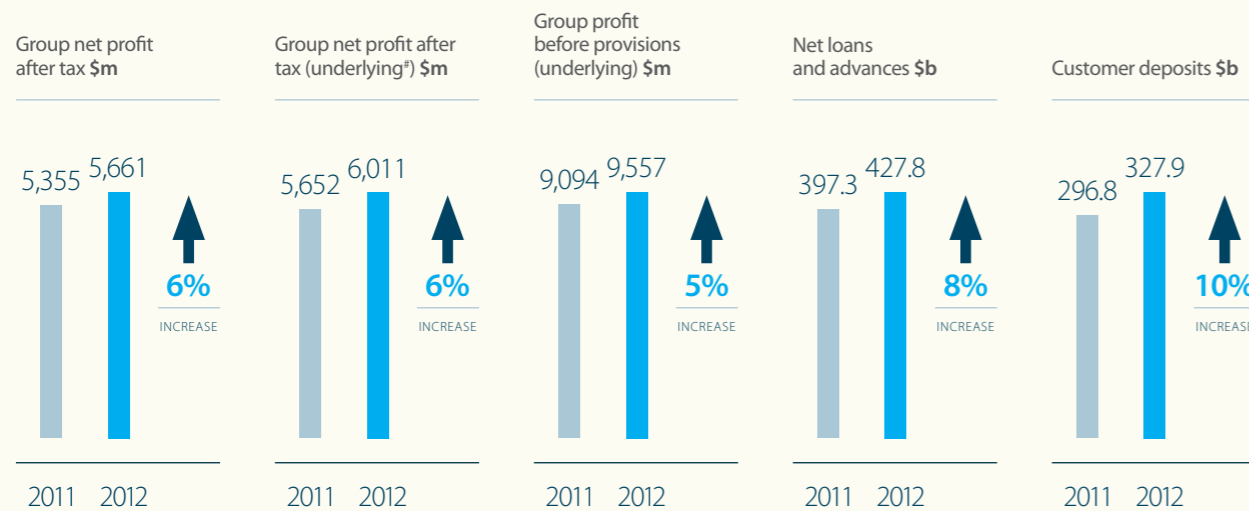


| Responsible practices   | Creating education and employment opportunities  | Building financial capability   | Bridging urban and rural divides  | Supporting urban sustainability  |
|---|--|---|---|--|
| We have continued to improve our governance structures; management of social, environmental and reputation risks and opportunities; and are supporting our customers facing hardship (page 26). | We can make a significant and sustainable difference to the lives of disadvantaged and under-represented individuals through providing education and employment opportunities (page 28). | Our programs are helping to build financial capability in our communities across our region, particularly for those on low incomes, and those from disadvantaged backgrounds (page 30). | We are playing a role in helping to bridge urban and rural divides through extending banking access and supporting financial inclusion (page 32). | We can do much to reduce the environmental footprint of our business activities and to encourage and support our customers to reduce theirs (page 34). |

**IN THIS REVIEW** The corporate responsibility content of this Shareholder Review focuses on our material impacts, concentrating on building an engaged and ethical workforce and our responsible practices, with decisions informed by ongoing stakeholder engagement. It covers the five priority areas of our Corporate Responsibility (CR) framework, as shown in the diagram above. These matters all contribute to our building a high-performing super regional culture.

**ON ANZ.COM** Our full Corporate Responsibility Report, for the financial year ending 30 September 2012 can be read at [anz.com/cr](http://anz.com/cr).

# FINANCIAL HIGHLIGHTS



\* ANZ adjusts statutory profit for certain non-core items to calculate underlying profit. The non-core items include one-off gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition-related costs.



## ACHIEVEMENTS

- » Delivered a record underlying profit of \$6.01 billion, up 6% on 2011.
- » Increased diversity of revenue with 21% of group revenue derived outside of Australia and New Zealand in 2012.
- » Launched 'Banking on Australia', a five-year \$1.5 billion program that includes branch transformation and greater focus on new consumer technologies and channels all aimed at delivering an improved customer experience and more flexible, lower cost footprint.
- » ANZ has been ranked the most sustainable bank globally in the 2012 Dow Jones Sustainability Index (DJSI), the fifth time in six years.

\*Measured under APRA Basel II prudential capital standards

» We actively participate in:

### CARBON DISCLOSURE PROJECT

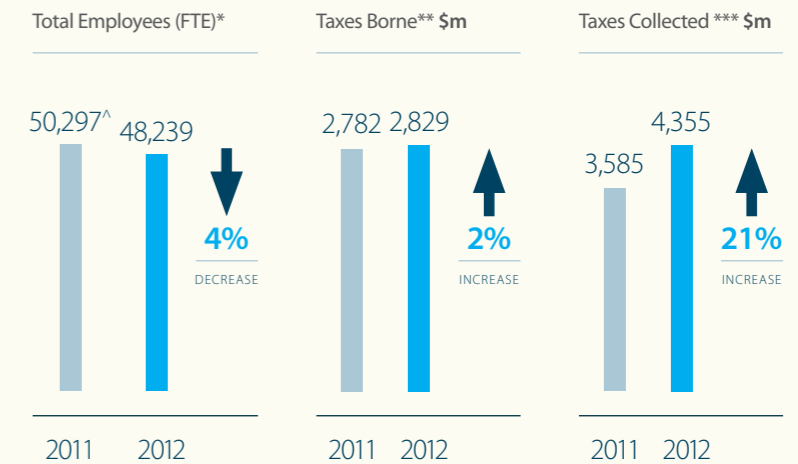
» We are a member of:



Since 2010 we have been carbon neutral across our worldwide operations, using offsets accredited to the Australian Government's National Carbon Offset Standard (NCOS).

# NON-FINANCIAL HIGHLIGHTS

- » Employee engagement remained steady at 70%.
- » 37.8% women in management.
- » \$14.9m directly contributed to communities (as community investment).
- » Nearly 87,000 hours volunteered by employees.
- » More than 200,000 people now benefiting from ANZ's financial literacy programs.



## ECONOMIC CONTRIBUTION

THE ECONOMIC CONTRIBUTION WE MAKE TO SOCIETY IS MORE THAN FINANCIAL PROFITS. WE CREATE JOBS, PAY SALARIES AND INVEST IN THE SKILLS OF OUR PEOPLE. WE ALSO PAY TAXES IN THE COUNTRIES WHERE WE OPERATE, SUPPORT BUSINESSES IN OUR SUPPLY CHAIN AND PROVIDE PRODUCTS THAT SATISFY THE NEEDS OF OUR CUSTOMERS.



### Economic value generated \$m 2012:

Revenues **36,139**

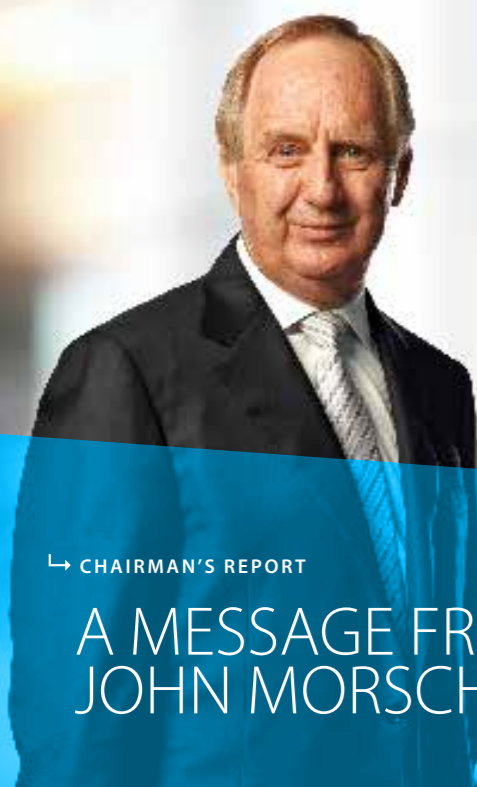
### Economic value distributed 2012:

|  |        |
|--|--------|
| Operating costs (excluding employment) (\$m)   | 3,754  |
| Employee wages and benefits (\$m)  | 4,765  |
| Payments to providers of funding <sup>1</sup> (\$m)  | 22,130 |
| Financial contribution we have made to the community (community investment) <sup>2</sup> (\$m) | 14.9   |
| Volunteer hours donated by ANZ people <sup>2</sup>   | 86,758 |

\*FTE excludes staff on special leave including leave without pay, parental leave and long-term sick leave. \*\*Taxes borne: immediate cost to ANZ; impact to the profit and loss account and includes income tax, GST/VAT and employment taxes. \*\*\*Taxes collected: No cost to ANZ. Collected from customers, suppliers and employees etc on behalf of the revenue authorities.

<sup>^</sup>2011 FTE numbers adjusted to include APEA contractors.

<sup>1</sup> Payment to providers of funding includes all amounts pertaining to dividends paid to shareholders, interest payment made to providers of loans, interest on all forms of debt and borrowings as well as arrears of dividends due to preferred shareholders. <sup>2</sup> We measure community investment using the London Benchmarking Group (LBG) methodology. This does not include forgone revenue.



↳ CHAIRMAN'S REPORT

# A MESSAGE FROM JOHN MORSCHEL

ANZ DELIVERED A STRONG FINANCIAL RESULT IN 2012 AND MADE CONSIDERABLE PROGRESS WITH ITS SUPER REGIONAL STRATEGY.

I am pleased to report that ANZ's statutory profit after tax for the year ended 30 September 2012 was \$5.7 billion, up 6%. This good performance reflected continued progress with our super regional strategy which saw growth across our key businesses in Australia, New Zealand and Asia Pacific, together with a renewed focus on cost management.

The final dividend of 79 cents per share brings the total dividend for the year to 145 cents per share fully franked, an increase of 4%.

Our capital position remains strong, placing ANZ among the world's best capitalised banks and we remain one of only a small number of banks globally which have maintained an AA rating from all three credit ratings agencies.

### SUPER REGIONAL STRATEGY

Over the past five years we have had a consistent focus on creating the region's best connected and most respected bank.

2012 has been another year of achievement. In Asia, we continued to invest. For example, in our subsidiary bank in China we increased capital to support growth. Greater China, including Hong Kong and Taiwan, is now ANZ's largest market outside Australia and New Zealand. We also opened our first Malaysian branch in Labuan.

In Australia and New Zealand, our largest markets, we also continued to invest in customer service and innovation, and in leveraging connectivity with our international network. This is increasingly a source of differentiation, particularly in Commercial and Institutional banking.

At the same time, we have increased our focus on simplifying the bank and on containing cost growth. Alistair Currie was appointed to the role of Group Chief Operating Officer to deliver a more integrated approach to technology, shared services and operations. In New Zealand, we made significant progress with our simplification program, including our migration to one technology platform and a decision to move to a single brand.

### CUSTOMERS, OUR PEOPLE AND THE COMMUNITY

Since the onset of the global financial crisis, the reputation of banks throughout the world has been challenged. Although Australian banks have remained strong throughout this period, we have also had to face up to community concerns about our industry and increase our efforts with customers and with the wider community.

As we made structural changes to our business in 2012 to adjust to the more difficult operating environment, our leading position on retail customer satisfaction slipped in

## YOUR DIRECTORS



**JOHN MORSCHEL**  
Chairman  
DipQS, FAICD  
Director since October 2004.  
Chairman since March 2010.  
Ex officio member all Committees.



**GREG CLARK**  
Chair of Technology Committee  
BSc (Hons), PhD, FAPS, FTSE  
Director since February 2004.  
Member of the Risk and Human Resources Committees.



**PAULA DWYER**  
BCom, FCA, F Fin, FAICD  
Director since April 2012.  
Member of the Audit and Risk Committees.



**PETER HAY**  
Chair of Governance Committee  
LLB (Melb), FAICD  
Director since November 2008. Member of the Audit and Human Resources Committees.



**LEE HSIEN YANG**  
MSc, BA  
Director since February 2009.  
Member of the Risk, Human Resources and Technology Committees.



**IAN MACFARLANE, AC**  
Chair of Risk Committee  
BSc (Hons), MEd, Hon DSc (Syd), Hon DSc (UNSW), Hon DCom (Melb), Hon DLitt (Macq), Hon LLD (Monash)  
Director since February 2007. Member of the Governance and Audit Committees.



**DAVID MEIKLEJOHN, AM**  
Chair of Audit Committee  
BCom, DipEd, FCPA, FAICD, FAIM  
Director since October 2004. Member of the Technology and Risk Committees.



**MICHAEL SMITH, OBE**  
Chief Executive Officer  
Executive Director  
BSc (Hons)  
Chief Executive Officer since 1 October 2007.



**ALISON WATKINS**  
Chair of Human Resources Committee  
BCom, FCA, F Fin, FAICD  
Director since November 2008. Member of the Audit and Governance Committees.

This information sets out Board Committee memberships as at 30 September 2012. Full biography details can be found on our website: [anz.com/about-us/our-company/executive/board-of-directors](http://anz.com/about-us/our-company/executive/board-of-directors).

Australia but has since regained momentum. Although we have maintained strong customer satisfaction in New Zealand, management refocused their efforts on improving satisfaction in Australia. There was early recognition of our progress with ANZ receiving awards<sup>1</sup> as Bank of the Year, Mortgage Lender of the Year and Business Bank of the Year in 2012.

We were also pleased to be recognised for our long-term commitment to building the money management skills and savings of disadvantaged groups, receiving two major awards at the MoneySmart Week Awards in Australia.

Throughout 2012, we have continued to equip our people for high performance, continuing to support them to make ethically, socially and environmentally responsible decisions, while promoting their wellbeing.

We have linked ANZ's super regional strategy to our corporate responsibility framework and continued to work with stakeholders to guide our activities. This includes reviewing and improving our responsible lending practices which have been built into our training programs.

ANZ was ranked the most sustainable bank globally in the 2012 Dow Jones Sustainability Index.

<sup>1</sup> Money magazine Bank of the Year and Home Lender of the Year. AFR Capital Business Bank of the Year 2012. Top 5 Corporate Bank, Greenwich Associates Survey 2012.

### OUTLOOK

The global economy is softening as we enter our 2013 financial year with many European economies contracting and the United States continuing to recover slowly.

Although China's economy is also in a managed slow-down we expect it will continue to grow at 7-8% in 2013. This will see Asia remain the best performing region in the world. In Australian and New Zealand consumer and business confidence remains weak and growth during 2013 is expected to be around 2.7% and 2.5% respectively.

Although the year ahead looks challenging with headwinds in a number of areas, ANZ's unique strategy and the momentum we have in adapting to the new environment for banks means we are well placed to deliver value to our shareholders, our customers and the community.

Finally, on behalf of shareholders, I would like to acknowledge the commitment and dedication of our management team and of all our 48,000 staff who have worked so hard in 2012. My thanks also go to my fellow Directors for their commitment and support during the year.

  
**JOHN MORSCHEL**  
Chairman



↳ CHIEF EXECUTIVE OFFICER'S REPORT

# A MESSAGE FROM MICHAEL SMITH

OUR 2012 RESULTS HIGHLIGHT THAT AFTER FIVE YEARS ANZ'S SUPER REGIONAL STRATEGY IS DELIVERING AND HAS GROWING MOMENTUM.

ANZ has delivered another good performance<sup>1</sup> in 2012 through a consistent focus on delivering our super regional strategy by strengthening our domestic businesses in Australia, New Zealand and the Pacific while driving significant growth in Asia.

Revenue grew 5% with market share gains across key segments and geographies. We continued to invest in our strategy and future growth with costs up by 4%, but at the same time we increased our focus on productivity which saw cost growth trend lower during the year.

Our focus on costs resulted in significant change across ANZ which impacted many of our staff and so I am pleased to report that employee engagement remained steady at 70%. Our aim remains to reach global best-in-class standards through a bank-wide commitment to customer service and to ensuring ANZ is a great place to work.

### DIVISIONAL PERFORMANCE

In the Australia Division we produced a solid result with profit up 4% benefiting from market share gains, tighter management of margins and a strong productivity focus. Retail lending grew 7% while average deposits grew at 12%. Commercial also performed well, with average growth in customer numbers and continued leverage of our regional capabilities.

Profit grew 3% in the International and Institutional Banking Division. The division continues to grow and diversify its earnings by geography, product and customer with 43% of revenue and 54% of deposits now derived from outside Australia and New Zealand. This includes significant growth in many of our priority segments based on the connectivity of our international network, although this was offset by softer demand for loans and significant margin contraction in Australia.

New Zealand delivered a good performance with profit up 12%. Business simplification showed benefits with improved financial results based on productivity improvements and market share growth in key segments. We also announced we would move to one brand in New Zealand – the ANZ brand, and in late October 2012 we reached a significant milestone when we moved to a single technology platform.

Profit from the newly-formed Global Wealth and Private Banking Division was flat, in line with market conditions, however we saw improving performance trends during the year, particularly in insurance and investment earnings, and through productivity gains.

Credit quality was stable with ANZ's provision charge of \$1.25 billion broadly in line with 2011 and the Group's provision coverage remains strong.

<sup>1</sup> All figures on an underlying basis unless noted otherwise.

## MANAGEMENT BOARD



↳ **SUSIE BABANI**  
Group Managing Director,  
Human Resources



↳ **PHILIP CHRONICAN**  
Chief Executive Officer,  
Australia



↳ **ALISTAIR CURRIE**  
Group Chief Operating Officer



↳ **SHAYNE ELLIOTT**  
Chief Financial Officer



↳ **DAVID HISCO**  
Chief Executive Officer,  
New Zealand



↳ **GRAHAM HODGES**  
Deputy Chief Executive Officer



↳ **JOYCE PHILLIPS**  
Chief Executive Officer, Global  
Wealth and Private Banking



↳ **ALEX THURSBY**  
Chief Executive Officer,  
International & Institutional  
Banking



↳ **ANNE WEATHERSTON**  
Chief Information Officer



↳ **NIGEL WILLIAMS**  
Chief Risk Officer

### OUR STRATEGY AND THE ENVIRONMENT FOR BANKING

While ANZ delivered a good performance in 2012, just as important has been our strategic progress.

Five years ago, we articulated an ambition to create value for our shareholders, our customers and the wider community by becoming a super regional bank – a bank of global quality with regional focus. This included an aspiration to source 20% of our revenues from outside Australia and New Zealand.

I am pleased to report, despite having endured the global financial crisis, our network in Asia Pacific, Europe and America contributed 21% of Group revenue in 2012.

To deliver this outcome, the scale of transformation over the past five years has been significant, involving a systematic and coordinated program of action in every area of the bank. In this Shareholder Review we have provided a progress report on our strategy showing how we have strengthened ANZ in our key domestic markets in Australia and New Zealand while building a much bigger business in the growth markets of Asia Pacific.

While we have made significant progress, the journey is not over. We have set new aspirations which will see further growth, particularly in Asia, while also adapting the bank to the post-financial-crisis world.

We believe the lower growth business environment that we have seen following the financial crisis will be with us for the foreseeable future. We have been actively responding to these fast-changing and challenging conditions in different markets by driving both growth and productivity.

Our 2012 results highlight that after five years, ANZ's super regional strategy has growing momentum. ANZ has moved from being a largely domestic bank to an integrated and growing, regionally focused international bank that is increasingly delivering differentiated value and performance.

↳ **MICHAEL SMITH**  
Chief Executive Officer

## ANZ'S SUPER REGIONAL STRATEGY: A FIVE-YEAR PROGRESS REPORT

ANZ'S SUPER REGIONAL STRATEGY IS CLEAR, CONSISTENT AND ALIGNED TO THE GROWTH OPPORTUNITIES IN AUSTRALIA, NEW ZEALAND AND ASIA PACIFIC.

Five years ago, at the start of the 2008 financial year, ANZ embarked on a strategic journey which recognised there was a unique opportunity to create value for shareholders by becoming a super regional bank – a bank of global quality with regional focus.

The move recognised a once-in-a-century shift underway in the global economy as growth opportunities moved from the developed economies of the West to Asian economies and China in particular.

Five years later, ANZ's super regional strategy has growing momentum with investors ranking ANZ highly for its long-term growth strategy.

The scale of transformation at ANZ over that time has been significant, based on five key themes and a systematic and coordinated program of action in every area of the bank.

### SUPER REGIONAL BUILDING BLOCKS

From early in the 2008 financial year, ANZ undertook a series of fundamental changes to enable us to successfully execute our strategy.

We recognised that ANZ would need a different sort of management team to build a significant international business and we recruited a number of senior international bankers and Asian insiders. This was supported by the introduction of a new management model focused on geographies and customer segments rather than the individual product approach of the past.

At the same time, we have undertaken a multi-year program to shift ANZ's culture and invest in the training and development of our people to focus more strongly on performance underpinned by a clear set of Group-wide values.

Capital has increased by around \$11 billion since 2007 with the Group's Common Equity Tier 1 capital ratio at 10.0% at the end of 2012 on a Basel III<sup>1</sup> internationally harmonised basis.

We have established an enterprise approach to technology and we have delivered good progress. This includes a significant program to upgrade our technology infrastructure and improve systems security, stability and standardisation, and to respond to growing demand, scale and complexity in the business. This has included delivery of new cross-border systems in trade, cash management, capital markets and foreign exchange.

We also established a strong sense of purpose with a clear five-year roadmap to source 20% of revenues from Asia Pacific Europe and America by end of 2012. In 2011, we extended that roadmap with an aspiration to source 25% to 30% of revenue from Asia Pacific, Europe and America by 2017.

To support this, a new brand and visual identity was created that was relevant in Asia and consistent throughout the region. At the same time, we have continued our focus on corporate responsibility. Our contribution to the community has been guided by our corporate responsibility framework and has included a significant investment in building financial capability. ANZ was recognised as Global Sector Leader in the Dow Jones Sustainability Index in 2007, 2008, 2009, 2010 and 2012.

### GLOBAL FINANCIAL CRISIS – REMEDICATION AND OPPORTUNITY

These building blocks placed ANZ on a much stronger footing, however the onset of the global financial crisis during 2008 posed a number of challenges requiring significant and, at times, painful remediation.

This involved focus on addressing customer and reputational issues arising from non-core businesses. Subsequently, ANZ exited a number of these non-core businesses including custodian services, securities lending, private equity, institutional stockbroking and wholesale mortgage management.

At the same time, recognising the weaker economic environment and the needs of our super regional strategy, we brought in experienced risk management professionals into key leadership roles and strengthened risk policies and processes throughout the bank.

As business conditions tightened we also simplified the way we ran the bank and started a multi-year process of driving strategic cost reduction. This included reducing the layers of middle management and investing in our offshore operations and technology centres in Bangalore and establishing new centres in Manila and Chengdu.

Despite these issues, our financial strength also allowed us to look at the crisis as a time of opportunity. We:

- » acquired Asian assets from the Royal Bank of Scotland in Taiwan, Singapore, Indonesia, Hong Kong, the Philippines and Vietnam with approximately two million clients
- » purchased the remaining 51% of our wealth management joint venture with ING in Australia and New Zealand
- » acquired the deposit and lending books of Landmark boosting our presence in agribusiness in Australia.

The crisis and subsequent retreat from Asia by weakened banks from Europe and the United States also created significant opportunities for organic growth by using our strong credit rating and balance sheet strength to step in and win business from quality customers.

The end result is that ANZ came out of the financial crisis a stronger bank than we went in. Today we are one of the best capitalised banks in the world with sector-leading capital ratios and one of only a small number of banks in the world rated AA or better.

### ESTABLISHING A REAL FRANCHISE IN ASIA

While ANZ had an established presence in Asia in 2007, our country representation was often small and based on limited banking licences. This has required significant investment to build banking capability, introduce new technology, and to obtain regulatory approval for licences to provide a wider range of services to customers. Some highlights have included:

- » increasing our presence in China through local incorporation in 2011 and opening new outlets and branches in Beijing, Shanghai, Guangzhou and Chongqing, a Rural Bank in Liangping and an operations centre in Chengdu. Total staff numbers have now reached 700 compared to 100 in 2007. We also have two partnership investments with Shanghai Rural Commercial Bank and the Bank of Tianjin
- » growing to become one of the largest international banks in Indonesia with 1,100 people working in 28 branches. This compares to just two branches and 150 people in 2007. We have also increased our strategic investment in PT Panin Bank to 39% up from 30% in 2007
- » expanding in the Philippines by obtaining a universal banking licence and establishing an operations centre in Manila. We also have a successful credit card joint venture with Metro Bank
- » locally incorporating in Vietnam, paving the way to expanding the branch network and services with 750 employees now in 11 outlets
- » re-commencing operations in India with the opening of a branch in Mumbai while also continuing to invest in ANZ's operations and technology centre in Bangalore where we have 5,600 staff compared to around 1,800 in 2007.

<sup>1</sup> ANZ's interpretation of the regulations documented in the Basel Committee publications; 'Basel III: A global regulatory framework for more resilient banks and banking systems' (June 2011) and 'International convergence of Capital Measurement and Capital Standards' (June 2006).

ANZ HAS OVER 2.6 MILLION CUSTOMERS IN ASIA PACIFIC SUPPORTED BY AROUND 8,200 EMPLOYEES AND 100 BRANCHES AND POINTS OF REPRESENTATION.



We have also seen growth in other countries in Asia, for example in Japan and in Korea. In Taiwan we now have 1,700 employees working in 18 branches. In our two regional commercial hubs, in Hong Kong we employ around 1,100 people up from 30 in 2007, and in Singapore we employ 2,000 people up from 150 in 2007. We also have an important partnership with Malaysia's AmBank in which we hold a 24% stake, up from 19% in 2007.

Throughout our international network, including the Pacific, our expansion has been underpinned by a concerted investment in upgrading premises to the standard of an international bank and to accommodate larger numbers of staff. This includes new signature offices in Singapore, Hong Kong, Shanghai and Port Moresby as well as investments in upgrading branches throughout the region.

The end result is that ANZ has built a significant business in Asia Pacific with 2.6 million customers up from 925,000 in 2007. Our customers in Asia are supported by 8,200 employees, and 100 branches and points of representation compared to just 30 in 2007. This has seen ANZ emerge as a leading international bank in the region. For example, in 2012 ANZ was ranked as a top five Corporate Bank in Asia by Greenwich Associates; five years ago ANZ ranked outside the top 20.

#### STRENGTHENING AUSTRALIA, NEW ZEALAND AND THE PACIFIC

A key element of ANZ's strategy is continuing to strengthen our position in Australia, New Zealand and the Pacific.

In Australia our focus has been on growth in traditional banking in retail deposits, mortgages and commercial banking as well as wealth solutions.

In addition to growing in key segments, our super regional strategy is seeing us build greater connectivity with our network in Asia Pacific. In Retail, ANZ is the bank of choice for customers coming to Australia from the region, for example, Asian students coming to Australia and mortgages for offshore Chinese residents. We have also leveraged our regional network in Commercial where more than two-thirds of our customers have connections to Asia.

In Institutional, we have focused on our strengths in natural resources, agriculture, infrastructure and financial institutions – segments that are directly linked to Asia's growth. We have also seen substantial growth in the areas we have invested in to support that strategy – in foreign exchange, trade and cash management.

ANZ has also upgraded its premises in Australia rationalising offices in Melbourne and opening a new 6-Star Green Star global head office. New office premises have also opened in Adelaide and Brisbane, and in Sydney we will move to new premises in 2013.

To capitalise on the momentum in the Australian business, a five-year \$1.5 billion investment program was announced in 2012 to upgrade ANZ's distribution network, simplify products and processes, provide customers with additional mobile and flexible banking options, and initiatives to support local communities.

In New Zealand, ANZ has a leading market position across Retail, Wealth Commercial and Institutional with a relationship with more than two million customers – around 50% of New Zealanders.

Our focus has been on undertaking a major transformation to simplify our business, reduce costs and improve the banking experience for our customers. This has included a

transition to one management structure across both the ANZ and The National Bank brands, one customer approval process and one set of products. More recently we have moved to one brand and one core banking system.

We have also renewed our focus on growth opportunities. In Retail for example, we are connecting New Zealanders travelling and migrating to Australia, the Pacific and Asia, and targeting growth in mortgages particularly in the Auckland region. In Commercial and Institutional, we have extended our market leadership by leveraging our international network to support New Zealand's export sector, particularly in agriculture.

A \$100 million investment will also be made over the next two years to ensure ANZ has a well positioned and attractive branch network for customers in current and new communities. ANZ's head office in Auckland is also undergoing a major refurbishment.

In the Pacific, ANZ provides banking services to 500,000 customers in 12 countries across retail, wealth, commercial and institutional. Our focus has been on continuing to support customers including opportunities associated with growing trade and investment linkages with Australia, New Zealand and Asia, and on operational efficiency.

#### ADAPTING TO THE LOWER GROWTH ENVIRONMENT

While we have been continuing to build on our strengths in our major domestic markets of Australia and New Zealand, and exploiting the growth opportunities in Asia, we have recognised that the global economy will be weaker for some time, with growth in banking more closely following growth in the economy.

The magnitude of the shift the banking industry is facing is significant around the world and we are actively adapting ANZ to this environment. Loan growth is lower and funding costs are higher. At the same time, increased regulation and growth in our business means we now hold almost twice as much capital as we did in 2007.

The implication is that now and for the foreseeable future, we need a much greater emphasis on productivity and on capital efficiency. This means:

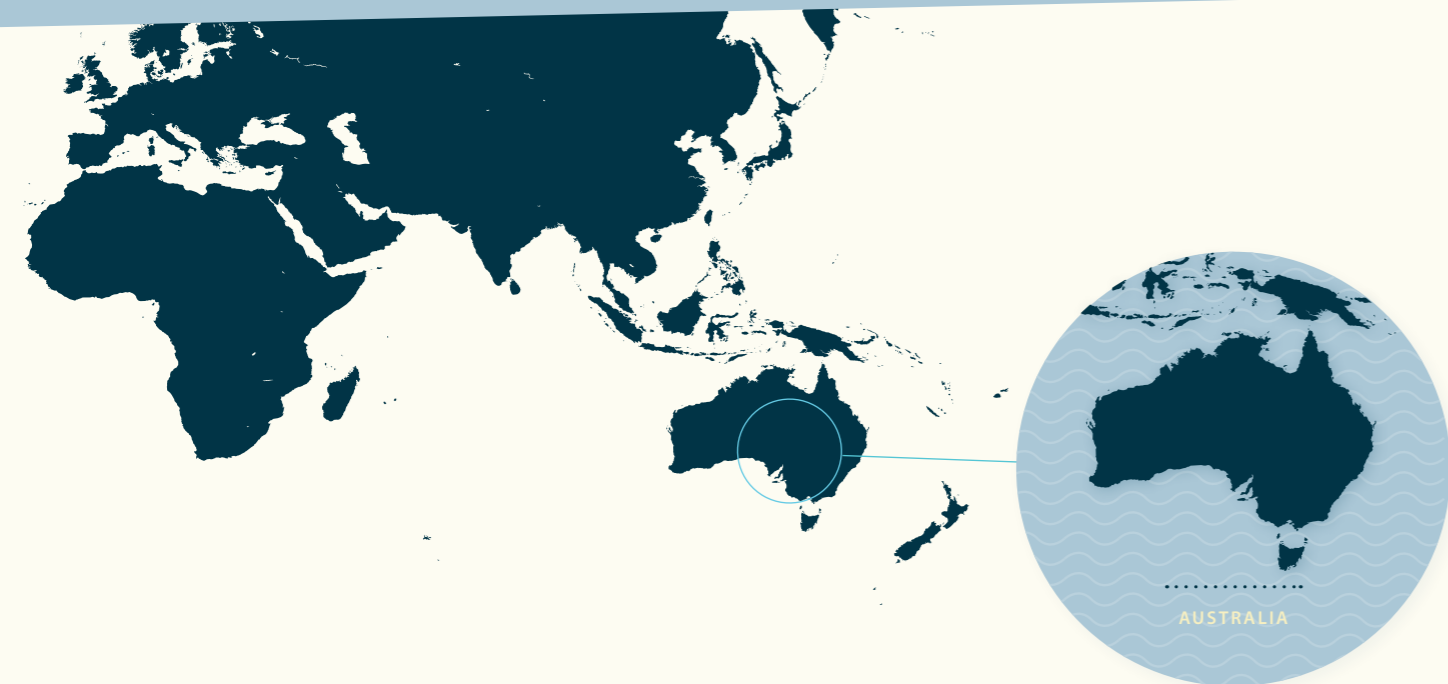
- » more actively managing capital across our portfolio of businesses so we continue to build out our super regional strategy in the most capital-efficient way
- » re-engineering the way we operate to drive a long-term, sustainable cost advantage particularly by using the flexibility provided by our operations and technology hubs.

#### DELIVERING ON OUR PROMISES

ANZ's super regional strategy is clear, consistent and aligned to the economic opportunity in the Asia Pacific region.

Over the past five years we have dramatically transformed ANZ, creating a business portfolio diversified by geography, by business and by industry focus. It provides us with options and choices to deliver differentiated revenue growth – choices that are not available with a domestic-only strategy.

Since 2007, this transformation has seen ANZ move from being a largely domestic bank to an integrated and growing, regionally focused international bank that is increasingly delivering differentiated value and performance to shareholders, customers, staff and the community.



## AUSTRALIA

**PHILIP CHRONICAN**  
Chief Executive Officer, Australia

Across ANZ's Australian Retail and Commercial businesses, we serve approximately six million customers through our network of around 800 branches, 115 business centres, our 24-hour contact centre, 2,700 ATMs and leading online and mobile banking applications.

We are focused on making it easier for our customers to progress by understanding their goals, and by leveraging the local and international connectivity of ANZ's network.

Australia is ANZ's largest market and in 2012 we announced a five-year \$1.5 billion investment program to make it easier for our customers to deal with us and easier for our people to meet our customers' needs and the community's expectations.

### BUSINESS HIGHLIGHTS

- » Delivered a solid financial performance, with profit in Retail up 4% and in Commercial up 5%.
- » Achieved above system growth in Housing Lending and in Household Deposits<sup>1</sup>.
- » Grew Traditional Banking<sup>2</sup> market share to 13.7% over the 12 months to August 2012.
- » Extended ANZ's popular mobile banking application, ANZ goMoney™ to Android devices. More than 780,000 users are now registered to use ANZ goMoney™ with over 30 million transactions valued at more than \$17 billion conducted in 2012.

- » Completed more than one million A-Z Reviews helping retail customers and small businesses with their financial goals.
- » Acquired 30,000 new Commercial customers largely in small business banking helping to deliver lending growth of 9% and deposit growth of 9%.
- » Commenced providing Australian property mortgages to Chinese nationals seeking to invest in Australian property.
- » Customers now able to apply for hardship assistance online via anz.com.

Our progress with our customers, our people and in our community contribution was also recognised by a series of awards.

- » *Money* magazine's Bank of the Year and Home Lender of the Year.
- » The Australian Financial Reviews *Capital* magazine's Business Bank of the Year.
- » Disability Employment Award and Indigenous Employment Award at the inaugural Australian Human Resources Institute Diversity Awards.
- » MoneySmart Week Outstanding Achievement award for our research into financial literacy in Australia and for our Saver Plus program.

<sup>1</sup> APRA banking statistics.

<sup>2</sup> Source: Roy Morgan Research: Aust Pop'n aged 14+, rolling 12 months, Trad Banking Consumer Market (Deposits, Cards & Loans), Peers: CBA (excl Bankwest), NAB, Westpac (excl Bank of Melbourne & St George).



Remondis Australia ↗

CASE STUDY  
Australia

### REGIONAL PRESENCE AND SECTOR EXPERTISE

Remondis is one of the world's leading water and environmental services companies and this year selected ANZ to deliver all its banking services across Australia and New Zealand.

Headquartered in Germany, Remondis promotes the economic and efficient use of natural resources to over 20 million individuals and thousands of companies around the world. Such services include water supply and water production, recovery of raw materials from waste, innovative recycling products and alternative forms of energy production. ANZ's extensive network, spanning Germany, Australia, New Zealand and the Asia Pacific region is well aligned to Remondis' own business activities and future plans.

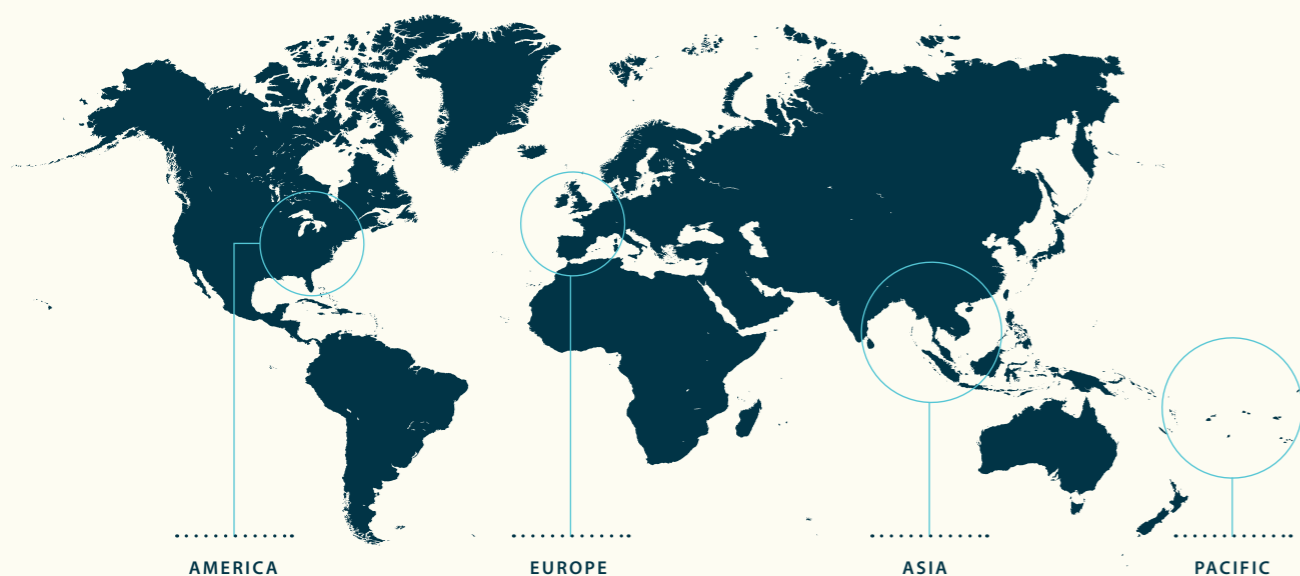
Remondis Australia Chief Financial Officer David Cohen: "ANZ showed Remondis that it could quickly respond to our needs, delivering banking facilities that supported our operations across Australia and New Zealand. Moreover, the bank had a deep understanding of our sector and showed our management insights and expertise to deliver sophisticated solutions that support our own growth agenda."

| Financial Performance <sup>#</sup> (\$m)        | 2012    | 2011    | Movt% |
|---|---------|---------|-------|
| Operating income                                | 7,118   | 6,967   | 2%    |
| Operating expenses                              | (2,893) | (2,836) | 2%    |
| Profit before credit impairment and income tax  | 4,225   | 4,131   | 2%    |
| Provision for credit impairment                 | (666)   | (719)   | -7%   |
| Profit before income tax                        | 3,559   | 3,412   | 4%    |
| Income tax expense and non-controlling interest | (1,067) | (1,022) | 4%    |
| Profit after tax                                | 2,492   | 2,390   | 4%    |
| Total assets                                    | 247,531 | 231,113 | 7%    |
| Contribution to group earnings                  | 41%     | 42%     |       |

| Non-Financial Performance <sup>##</sup>   | 2012    | 2011                 |
|---|---------|----------------------|
| Retail Customer Satisfaction (source: Roy Morgan Research – Main Financial Institution) | 76%     | 80%                  |
| Total employees (FTE)*  | 13,982  | 14,635               |
| Employee engagement   | 70%     | 72%                  |
| Total Women in Management <sup>1</sup>  | 42.9%   | 43%                  |
| Volunteering hours <sup>2</sup>   | 33,534  | 43,560               |
| Community investment <sup>2</sup> (\$m)   | 9.5     | 11.8                 |
| GHG emissions <sup>3</sup> (tonnes CO <sub>2</sub> -e)                                  | 163,906 | 166,311 <sup>4</sup> |
| Paper <sup>5</sup> (tonnes per FTE)   | 0.16    | 0.17                 |

<sup>#</sup> Underlying profit is adjusted for non-core items that are not part of the normal ongoing operations of the Group, including one-off gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition-related costs. <sup>##</sup> Customer and employee data reported by Division, environmental data reported by geography. \* FTE excludes staff on special leave including leave without pay, parental leave and long-term sick leave. <sup>1</sup> Women in management is calculated using a head count of active employees and includes staff working for and being paid by ANZ. <sup>2</sup> Calculated according to the London Benchmarking Group methodology and excludes foregone revenue. <sup>3</sup> Pending external verification. Includes Scope 1 and 2 emissions, developed in accordance with NGERs. A detailed GHG profile (Scope 1, 2 and 3) and our full environmental report will be available on anz.com. <sup>4</sup> Figure updated from 166,756 as reported last year due to updates of estimates to actual figure. <sup>5</sup> Pending external verification, includes both office and print (customer) paper.





## INTERNATIONAL & INSTITUTIONAL BANKING

**ALEX THURSBY**

Chief Executive Officer, International and Institutional Banking

### BUSINESS PROFILE

International and Institutional Banking has a global focus on large multi-national companies and Institutions with sophisticated needs, along with a fast-growing Commercial business and a Retail business serving affluent and emerging affluent customers in Asia.

The division is spearheading ANZ's ambition to be a super regional bank with a growing presence and capability across Australia, New Zealand and 28 markets in Asia Pacific, Europe and America (APEA). We now serve more than 2.6 million Institutional, Commercial and Retail customers.

Our goals are to help deliver on ANZ's aspiration to source 25 to 30% of Group revenue from APEA by 2017, and to continue to grow our Institutional business in Australia and New Zealand.

### BUSINESS HIGHLIGHTS

- » Delivered a sound financial performance with profit up 3%.
- » Global Markets continued its strategy to grow customer sales with revenue up 14%.
- » Received a retail Renminbi (RMB) licence becoming the first Australian bank to offer a range of RMB-related products and services to retail customers in China.
- » Invested a further \$300 million in our locally incorporated subsidiary in China with seven outlets in Beijing, Shanghai, Chongqing and Guangzhou.
- » Donated 75,000 Fiji Dollars to the Fiji Red Cross, The Prime Minister's Flood Relief Appeal and local charities to support those affected by devastating floods in March 2012.

» Delivered the MoneyMinded financial literacy program in Papua New Guinea, Fiji, American Samoa and Cook Islands, while establishing pilot programs in India, Vietnam, Indonesia, Hong Kong, Solomon Islands, Timor Leste, Vanuatu and Kiribati.

» Opened our first street-level branch in Hong Kong in one of the city's busiest retail and commercial districts. The flagship Kowloon branch supports the banking needs of Retail and Commercial customers.

» ANZ Transactive is a web-based cash management platform for Institutional and Commercial customers. This product has now been deployed into Australia, New Zealand, Singapore, Hong Kong, Japan and the Pacific. Deployment into remaining markets will be finalised by the end of 2013.

The continued growth of International and Institutional Banking is based on a significant commitment to building customer relationships. In 2012 we:

- » retained the No. 1 Relationship Strength Index position for Lead Relationships in the 2012 Peter Lee Associates Large Corporate and Institutional Relationship Banking in Australia Study
- » ranked as a top five corporate bank in Asia by Greenwich Associates. Four years ago, ANZ ranked outside the top 20
- » were voted the No. 2 foreign exchange provider in Asia Pacific in *Asiamoney* magazine's 2012 poll. Last year, ANZ ranked outside the top 10
- » ranked the No. 1 mandated lead arranger for syndicated loans in Asia Pacific (excluding Japan) league tables by Thomson Reuters.

CASE STUDY  
International & Institutional Banking

### OUR SUPER REGIONAL STRATEGY AT WORK

International and Institutional Banking delivered its first Chinese Yuan currency transaction for a major natural resources customer in December 2011, with a first of its kind Yuan-denominated and US dollar-hedged supply contract for Fortescue Metals Group.

The hedge contract enabled Fortescue to pay US\$93 million worth of Yuan for Chinese manufactured rail transport cars as part of a broader expansion of its Pilbara operations in Western Australia.

This was the first time Fortescue signed an underlying contract in Yuan and then hedged this in US dollars. Settling trade transactions in Yuan can provide benefits for importers and exporters with trade ties to China. These range from added convenience, cost and pricing advantages, as well as relationship benefits for both parties. The wider use of the Yuan in offshore markets also provides hedging flexibility for companies as their Yuan exposures can be managed on a global basis.

ANZ has a designated Chinese currency team based in Hong Kong to support its customers and help them capture opportunities as the internationalisation of the Yuan for trade settlement purposes accelerates, and is well positioned to expand its currency and hedging services with some of the world's biggest natural resources companies.

Fortescue Rail ↑

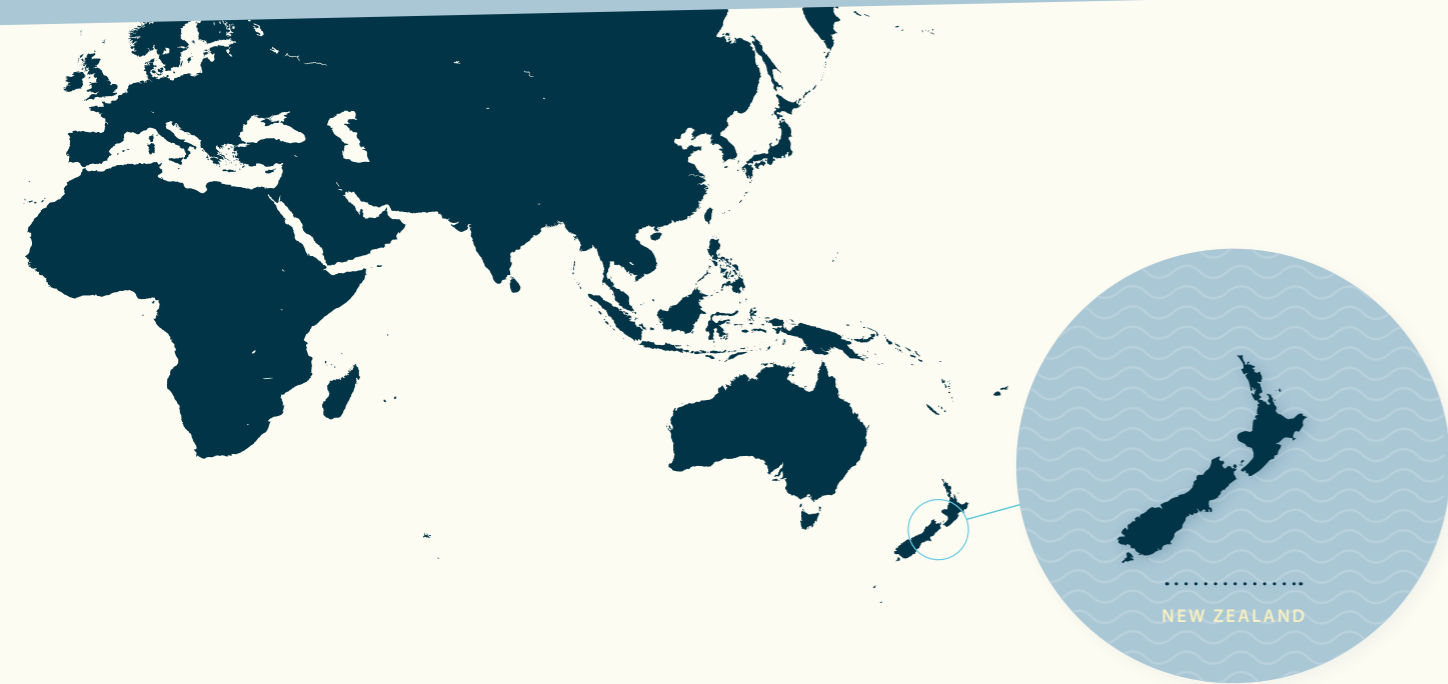
| Financial Performance <sup>#</sup> (\$m)        | 2012    | 2011    | Movt% |
|---|---------|---------|-------|
| Operating income                                | 6,592   | 6,190   | 6%    |
| Operating expenses                              | (2,933) | (2,757) | 6%    |
| Profit before credit impairment and income tax  | 3,659   | 3,433   | 7%    |
| Provision for credit impairment                 | (427)   | (293)   | 46%   |
| Profit before income tax                        | 3,232   | 3,140   | 3%    |
| Income tax expense and non-controlling interest | (860)   | (839)   | 3%    |
| Profit after tax                                | 2,372   | 2,301   | 3%    |
| Total assets                                    | 276,306 | 259,397 | 7%    |
| Contribution to group earnings                  | 39%     | 41%     |       |

| Non-Financial Performance <sup>##</sup>   | 2012   | 2011   |
|---|--------|--------|
| Institutional Relationship Strength Index ranking   | 2      | 1      |
| <small>(source: Peter Lee Associates Large Corporate and Institutional Relationship Banking Report 2012, Australia. Ranked against top four competitors.)</small> |        |        |
| Total employees (FTE)*  | 16,049 | 16,527 |
| Employee engagement   | 70%    | N/A    |
| Total Women in Management <sup>1</sup>  | 37%    | 30%    |
| Volunteering hours <sup>2</sup>   | 7,748  | 8,434  |
| Community investment <sup>2</sup> (\$m)   | 0.67   | 0.85   |

<sup>#</sup> Underlying profit is adjusted for non-core items that are not part of the normal ongoing operations of the Group, including one-off gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition-related costs. <sup>##</sup> Customer and employee data reported by Division. \* FTE excludes staff on special leave including leave without pay, parental leave and long-term sick leave.

<sup>1</sup> Women in management is calculated using a head count of active employees and includes staff working for and being paid by ANZ.

<sup>2</sup> Calculated according to the London Benchmarking Group methodology and excludes foregone revenue.



## NEW ZEALAND

### DAVID HISCO

Chief Executive Officer, New Zealand

#### BUSINESS PROFILE

ANZ is New Zealand's largest bank with a relationship with more than two million customers – around 50% of New Zealanders.

2012 has been a year of significant change for ANZ in New Zealand. In September, we announced that after almost 10 years of operating ANZ and The National Bank in New Zealand, the two brands would progressively be brought together as ANZ.

This major change will combine the best of both banks – ANZ's strength and presence across Asia Pacific and The National Bank's reputation for customer service. It will be supported by a \$100 million investment over the next two years to ensure ANZ has a well positioned and attractive branch network in current and new communities.

We have also continued to focus on making things simpler for customers and driving efficiencies by streamlining our head office management and processes. This has included completing the transition to one management structure across the ANZ and The National Bank, one customer approvals process and moving to one set of products and one, The National Bank's, technology system.

#### BUSINESS HIGHLIGHTS

- » Delivered a good financial performance, with profit up 12%.
- » Achieved Retail market share gains, particularly in mortgages in the larger and growing Auckland region, with around one in three New Zealanders now choosing ANZ for their home loan.

- » Made significant progress with a simplification program to reduce complexity for our customers and contribute to improved efficiency.
- » Completed preparations for the adoption of a single core banking system which was completed in October 2012.
- » Established a \$120 million start-up package to help young farmers.
- » Launched a mobile banking application for Android smartphones, building on the success of the ANZ goMoney™ banking application which, together, have seen 100,000 customers perform an average \$2.5 million transactions a month.
- » Continued to support the New Zealand community including sponsorship of the New Zealand Olympic team at London 2012.
- » Committed up to \$500 million in new discounted mortgage lending to customers impacted by the Canterbury earthquakes.
- » Launched a New Zealand MoneyMinded pilot program teaching savings and money management skills.

Our progress in supporting our customers was recognised through a number of awards during 2012.

- » OnePath was named the Morningstar Fund Manager of the Year and KiwiSaver Manager of the Year.
- » Our Institutional business received the Institute of Finance Professionals New Zealand Bank of the Year Award.
- » The National Bank was named the Best Agribusiness Bank New Zealand by CANSTAR.



CASE STUDY  
New Zealand

### NEW ZEALAND SIMPLIFICATION PROJECT: BUILDING NEW ZEALAND'S BEST BANK

ANZ New Zealand, which traces its roots back to early European settlement in 1840, bought The National Bank in 2003 and ran both brands for almost 10 years. From October 2012 we started to combine the brands into one. ANZ.

This was a logical and important next step after progressively reducing duplication and simplifying our New Zealand business by creating one management structure, one approval process for customers, one set of products and one technology platform.

"We use the ANZ brand in 32 markets globally and the licence agreement for the National Bank logo expires in 2014, so it makes sense for us to make this decision. We want to build New Zealand's best bank and this will help us do it," said CEO New Zealand, David Hisco.

The move to one brand further strengthens ANZ in the New Zealand market, making it easier for the bank to connect customers across its global network.

ANZ is New Zealand's largest financial services provider with more branches and ATMs than any other bank and is the country's first major bank to offer trade deals in Renminbi – making it easier for New Zealand firms to do business with China.

ANZ and The National Bank combine ↑

| Financial Performance <sup>#</sup> (\$m)        | 2012   | 2011   | Movt% |
|---|--------|--------|-------|
| Operating income                                | 2,097  | 2,017  | 4%    |
| Operating expenses                              | (921)  | (906)  | 2%    |
| Profit before credit impairment and income tax  | 1,176  | 1,111  | 6%    |
| Provision for credit impairment                 | (148)  | (166)  | -11%  |
| Profit before income tax                        | 1,028  | 945    | 9%    |
| Income tax expense and non-controlling interest | (285)  | (283)  | 1%    |
| Profit after tax                                | 743    | 662    | 12%   |
| Total assets                                    | 71,816 | 69,072 | 4%    |
| Contribution to group earnings                  | 12%    | 12%    |       |

| Non-Financial Performance <sup>##</sup>  | 2012   | 2011   |
|--|--------|--------|
| Retail customer satisfaction<br>» ANZ (source: Nielsen Consumer Finance Monitor) | 89%    | 89%    |
| Total employees (FTE)*   | 7,841  | 8,195  |
| Employee engagement  | 74%    | 70%    |
| Total Women in Management <sup>1</sup>   | 34.6%  | 34.8%  |
| Volunteering hours <sup>2</sup>  | 18,317 | 16,720 |
| Community investment <sup>2</sup> (\$m)  | 2.73   | 2.46   |
| GHG emissions <sup>3</sup> (tonnes CO <sub>2</sub> -e)                           | 14,009 | 11,164 |
| Paper <sup>4</sup> (tonnes per FTE)  | 0.16   | 0.13   |

<sup>#</sup> Underlying profit is adjusted for non-core items that are not part of the normal ongoing operations of the Group, including one-off gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition-related costs. <sup>##</sup> Customer and employee data reported by Division, environmental data reported by geography. \*FTE excludes staff on special leave including leave without pay, parental leave and long-term sick leave. <sup>1</sup> Women in management is calculated using a head count of active employees and includes staff working for and being paid by ANZ. <sup>2</sup> Calculated according to the London Benchmarking Group methodology and excludes foregone revenue. <sup>3</sup> Pending external verification. Includes Scope 1 and 2 emissions, developed in accordance with NGERs. A detailed GHG profile (Scope 1, 2 and 3) and our full environmental report is available on anz.com. <sup>4</sup> Pending external verification, includes both office and print (customer) paper.



## GLOBAL WEALTH AND PRIVATE BANKING

### JOYCE PHILLIPS

Chief Executive Officer, Global Wealth and Private Banking

#### BUSINESS PROFILE

In March 2012 the Global Wealth and Private Banking Division was created to strengthen focus on the significant opportunity the Wealth market offers ANZ.

In responding to this opportunity the Division is building new and more distinctive ways of engaging with our customers across Australia, New Zealand and the Asia Pacific. We are also leveraging our global scale and expertise to improve efficiency and deliver a stronger customer experience across all markets.

Our aim is to help ANZ customers progress by providing compelling investment, superannuation and insurance solutions together with quality advice tailored to their specific needs. Customers can access ANZ's wealth solutions through teams of highly qualified financial experts, innovative online and mobile platforms and through ANZ's broader distribution network.

#### BUSINESS HIGHLIGHTS

- » Global Wealth & Private Banking profit was flat in 2012, however performance improved significantly in the second half reflecting a strong uplift in insurance and investment earnings and a decline in costs as productivity benefits emerged.
- » The New Zealand business continues to strengthen with FUM growth for KiwiSaver product up 39%.
- » In Australia our market leading insurance business increased sales by 11% with new business margins also trending upwards.

- » Launched simple wealth products and invested in training of staff across Australian bank channels to give customers easier access to simple insurance and superannuation solutions.
- » Experienced solid growth in Private Banking with FUM inflows up 14% in Asia and increased levels of client satisfaction in New Zealand.
- » Industry awards.
  - 2012 Money Management/DEXX&R Adviser Choice Risk Awards: Named Risk Company of the Year for the third year running and awarded gold in the Term and Total & Permanent Disability and Risk Trauma Insurance categories.
  - Money Magazine's 2012 'Best of the Best' awards: Awarded Best Featured Pension for OneAnswer Frontier.
  - New Zealand Morningstar Awards 2012: Our specialist investment manager OnePath was named New Zealand Fund Manager of Year and was also the KiwiSaver Category Winner.



Emerge Mentoring Program ↑

### CASE STUDY

Global Wealth & Private Banking

#### GIVING BACK TO THE AUSTRALIAN COMMUNITY FOR OVER 130 YEARS

ANZ's Global Wealth and Private Banking business has been assisting individuals, charitable trusts and foundations to give back to the community for over 130 years.

We provide guidance, governance, investment management, estate planning, and charitable giving structures and strategies to help our clients fulfil their philanthropic ambitions.

In 2012 we managed \$1.3 billion in charitable funds invested for community benefit in Australia and generated \$75 million for distribution to charity.

ANZ's commitment to inclusivity is also reflected in the community involvement activities facilitated through a partnership with the Cerebral Palsy Alliance, a relationship which spans over two decades.

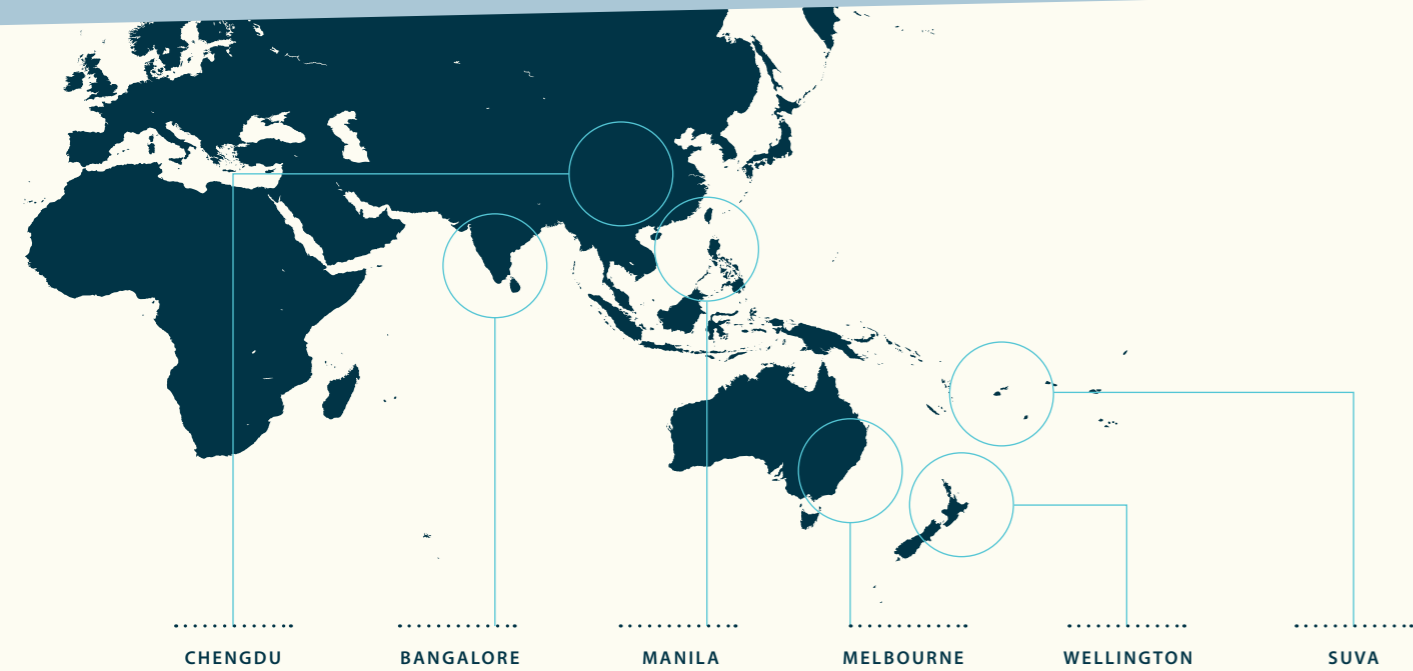
This year, we funded the Emerge Mentoring Program, a year-long leadership and work readiness program which matches ANZ mentors with young adults with cerebral palsy. We also partnered with Alliance families to help them complete the four-kilometre Family Run at the 2012 Sydney Running Festival, continuing a six-year tradition. Prior to this, we funded Ignition Mentoring – a program supporting teenagers with cerebral palsy build their confidence, self-esteem and resilience.

These programs support ANZ's volunteering policy, which provides staff with one day of paid volunteer leave each year.

| Financial Performance <sup>#</sup> (\$m)        | 2012  | 2011  | Movt% |
|---|-------|-------|-------|
| Operating income                                | 1,478 | 1,485 | 0%    |
| Operating expenses                              | (857) | (853) | 0%    |
| Profit before credit impairment and income tax  | 621   | 632   | -2%   |
| Provision for credit impairment                 | (4)   | 8     | Large |
| Profit before income tax                        | 617   | 640   | -4%   |
| Income tax expense and non-controlling interest | (166) | (183) | -9%   |
| Profit after tax                                | 451   | 457   | -1%   |
| Contribution to group earnings                  | 8%    | 8%    |       |

| Non-Financial Performance <sup>##</sup> | 2012 <sup>###</sup> | 2011 <sup>###</sup> |
|---|---------------------|---------------------|
| Total employees (FTE)*                  | 4,042               | 4,564               |
| Employee engagement                     | 58%                 | -                   |
| Total Women in Management <sup>1</sup>  | 38.9%               | -                   |
| Volunteering hours <sup>2</sup>         | 2,597               | -                   |
| Community investment <sup>2</sup> (\$m) | 0.48                | -                   |

<sup>#</sup> Underlying profit is adjusted for non-core items that are not part of the normal ongoing operations of the Group including one-off gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition related costs. <sup>##</sup> Customer and employee data reported by Division. <sup>###</sup> Global Wealth and Private Banking is a Division newly formed in March 2012. The 2012 numbers therefore reflect six months performance. 2011 performance data is not available. <sup>\*</sup> FTE excludes staff on special leave including leave without pay, parental leave and long-term sick leave. <sup>1</sup> Women in management is calculated using headcount of active employees and includes staff working for and being paid by ANZ. <sup>2</sup> Calculated according to the London Benchmarking Group methodology and excludes forgone revenue.



## GLOBAL TECHNOLOGY, SERVICES & OPERATIONS

### ALISTAIR CURRIE

Group Chief Operating Officer

#### BUSINESS PROFILE

Global Technology, Services & Operations is ANZ's business support division responsible for the delivery of technology, shared services and operations through our operating hubs in Melbourne, Wellington, Bangalore, Manila, Chengdu and Suva. The division is also responsible for major transformation projects and ANZ's property and facilities.

The division was formed during 2012 to provide an integrated approach to ANZ's business transformation agenda and to enable and accelerate the delivery of the Group's super regional strategy. This includes a focus on rapid productivity improvements and delivering value to our customers.

#### BUSINESS HIGHLIGHTS

##### Technology

- » Continued strategic progress in aligning and reshaping technology to support our super regional strategy as part of ANZ's Technology Roadmap. This includes upgrading legacy systems, new system delivery to support growth, and digital innovations including ANZ Transactive and ANZ goMoney™.
- » Service incidents decreased significantly, down 26% during 2012 providing increasingly seamless service to our customers.
- » Operating costs remained flat with the division absorbing volume growth through efficiencies and improved resource use.

##### Services

- » Improved efficiency primarily through improvements to sourcing and property management.
- » Supported ANZ's sustainability strategy by maintaining our global carbon neutrality status, significant reductions in paper use through process improvements and the introduction of managed print services, and a focus on sustainable global property solutions.

For example, our Singapore offices are located in the Ocean Financial Centre – the first high-rise office development to receive the Platinum Green Mark from Singapore's Building and Construction Authority.

- » ANZ's online environmental reporting system was extended to 32 countries, improving our environmental performance management.

##### Operations

- » Continued standardising processes to better serve our customers and reduce operational costs. For example, implementation of automated case management and increased system integration for ANZ Travel Cards.
- » Connecting our hubs in Bangalore, Manila, Chengdu and Suva under the umbrella of Group Hubs.
- » Opening a second campus in Manila and moving to new larger premises in Chengdu to support future growth and expansion.
- » Demonstrating business continuity planning and risk management, our Bangalore Hub held a successful bank-wide business continuity simulation exercise.

### OUR REGIONAL NETWORK BENEFITS EMPLOYEES AND CUSTOMERS

CASE STUDY  
Global Technology, Services & Operations

Our expanding network of operations throughout the Asia Pacific region is helping us to effectively and consistently promote the health and wellbeing of our employees.

In 2012 we further strengthened our programs, promoting the health, safety and wellbeing of our employees across our regional hubs in Bangalore, Chengdu, Manila and Suva. Integration across the four hubs was a key focus, enabling the development of common objectives and targets, and encouraging sharing of good practices.

Our health, safety and wellbeing programs had reached a mature stage of implementation in Bangalore, closely followed by Manila, which assisted the 2012 rollout in Chengdu. Increased focus on encouraging hazard and incident reporting across the hubs has improved employee awareness of health and safety and resulted in a greater ability to manage risks to our people. Our consistent approaches to promoting health and wellbeing are also tailored for local conditions. In 2012 all hubs held education sessions on diabetes, heart health and asthma. Locally, education sessions were held on tuberculosis in India, on malaria and dengue fever prevention in Suva, and on common illnesses associated with flooding events in Manila.

#### Chengdu Hub ↑

| Financial Performance** (\$m)                   | 2012  | 2011  | Movt% |
|---|-------|-------|-------|
| Operating income                                | 294   | 153   | 92%   |
| Operating expenses                              | (418) | (366) | 14%   |
| Profit before credit impairment and income tax  | (124) | (213) | -42%  |
| Provision for credit impairment                 | (1)   | (41)  | -98%  |
| Profit before income tax                        | (125) | (254) | -51%  |
| Income tax expense and non-controlling interest | 78    | 96    | -19%  |
| Profit after tax                                | (47)  | (158) | -70%  |

| Non-Financial Performance**             | 2012*** | 2011*** |
|---|---------|---------|
| Total employees (FTE)*                  | 5,919   | 5,981   |
| Employee engagement                     | 69%     | -       |
| Total Women in Management <sup>1</sup>  | 31.3%   | -       |
| Volunteering hours <sup>2</sup>         | 24,562  | -       |
| Community investment <sup>2</sup> (\$m) | 1.52    | -       |

\* Underlying profit is adjusted for non-core items that are not part of the normal ongoing operations of the Group, including one-off gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition-related costs. \*\* Financial performance also includes Group Centre and shareholder function activities. \*\*\* Customer and employee data reported by Division. \*\*\* Global Technology Services & Operations is a Division newly formed in March 2012. 2011 non-financial performance data is not available. \* FTE excludes staff on special leave including leave without pay, parental leave and long-term sick leave. <sup>1</sup> Women in management is calculated using a head count of active employees and includes staff working for and being paid by ANZ. <sup>2</sup> Calculated according to the London Benchmarking Group methodology and excludes foregone revenue.

## DELIVERING AGAINST TARGETS

OUR CORPORATE GOVERNANCE STRUCTURE ENSURES OVERSIGHT OF OUR BUSINESS-WIDE FINANCIAL AND NON-FINANCIAL TARGETS, ENSURING CORPORATE RESPONSIBILITY PERFORMANCE IS MONITORED THROUGHOUT ANZ.

### LEADERSHIP FROM THE TOP

Our five Board Committees (Audit, Governance, Human Resources, Risk and Technology) meet throughout the year. The Governance Committee is responsible for oversight of our Corporate Responsibility strategy, targets and performance, and our reporting.

**Details about the Board, Board-related charters, the Group Codes of Conduct and Ethics, the Conduct and Ethics Policy Framework (including Fraud Policy, Anti-Bribery and Anti-Corruption Policy, Whistleblower Protection Policy, Equal Opportunity, Bullying and Harassment Policy, Health and Safety Policy), the ANZ Constitution, ANZ Shareholder Charter and other related items can be found at [anz.com/governance](http://anz.com/governance).**

### ALIGNING CORPORATE RESPONSIBILITY AND DIVERSITY PERFORMANCE

This year, we refined our executive oversight of corporate responsibility (CR), combining our Corporate Responsibility and our Diversity committees to form a single Corporate Responsibility and Diversity Committee (CRD). This further aligns these two inherently connected areas and reflects our view that to be a super regional organisation we need to profoundly embrace diversity. The CRD Committee is chaired by our Chief Executive Officer and includes two additional members of Management Board, and senior representatives from ANZ's business divisions.

Responsibilities of the CRD Committee include providing strategic leadership on our Group-wide CR and diversity strategies, priorities and targets and identifying, overseeing and monitoring current and emerging CR risks and opportunities. The CRD Committee reports on progress in achieving the Group's CR and diversity objectives to Management Board and the ANZ Board Governance Committee.

We further increase our accountability by setting public targets in areas in which we have identified that we can use our skills and resources to deliver business performance while making a significant contribution to society.

### VALUING INDIVIDUAL PERFORMANCE

Employees in the bank have different roles and expertise, but everyone has a responsibility to make decisions that are balanced and ethical, being conscious of the potential economic, social and environmental impacts of their actions.

Each year, all employees are required to complete online training under the 'ANZ essentials' risk accreditation framework covering topics such as anti-money laundering, fraud, corruption and bribery, equal opportunity, and health and safety. Our 'welcome to ANZ' module provides an overview of our CR framework and tests new joiners on applying the framework in practice.

In 2012 we amended our approach to business unit and individual performance planning and target setting so that our five core Values and Behaviours will be more deeply embedded in creating plans, monitoring and rewarding performance against targets.

### PUBLIC REPORTING

Our reporting takes place throughout the year with some key dates on which we publish specific information.

Since 2010 we have combined the Shareholder Review and Corporate Responsibility Review as our performance is measured by both our financial and non-financial results.

Our full Corporate Responsibility Report is published on our website [anz.com](http://anz.com). That report contains more in-depth CR information about our strategy, targets and performance. The content is prepared in accordance with the Global Reporting Initiative (GRI) guidelines, including the Financial Services Sector Supplement. It reflects our Global Compact Report on Progress and our application of the London Benchmarking Group Measurement methodology. Our website also contains our external reporting Assurance Statement.

In May, we release our Interim Corporate Responsibility Report detailing our mid-year progress.

We inform stakeholders of our activities and progress throughout the year via our regular Corporate Responsibility E-bulletin.

### EXTERNAL ASSURANCE








Our annual Corporate Responsibility Report has been externally assured by Corporate Citizenship in keeping with the International Standard on Assurance Engagement (ISAE 3000) and the Accountability Assurance Standard (AA1000AS-2008).

Both our full Corporate Responsibility Report and Corporate Citizenship's assurance statement, detailing their review of our performance and reporting, is available at [anz.com/cr](http://anz.com/cr).

Our Annual Report and Financial Statements are externally assured by KPMG.





PERFORMANCE KEY   ACHIEVED  PARTIALLY ACHIEVED OR IN PROGRESS  DID NOT ACHIEVE

## RESPONSIBLE PRACTICES




-  Improve customer satisfaction and achieve the No.1 or 2 position amongst major banks for our retail, commercial and Institutional businesses.
  - In Australia, retained No. 1 Relationship Strength Index position for Lead Relationships in the 2012 Peter Lee Associates Large Corporate and Institute Relationship Banking Research.
  - Customer satisfaction in Retail and Commercial Banking declined in the second half of the year, due to a number of issues including adverse publicity regarding interest rate decisions. Steps are in place to improve our customer satisfaction and we are seeing positive momentum.
-  Resolve 90% of customer complaints within five business days.
-  Develop and pilot a program to improve staff understanding of customers in financial difficulty to aid early identification of and assistance to affected customers.
-  Reduce Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand by between 5-10% and continue implementation of our safety and wellbeing programs globally.
-  Implement our Responsible Sourcing Program with a focus on our top 10 highest impact categories and publicly report the progress of our supplier education and auditing strategy.
-  Publicly report progress on the implementation, application of and training in our sensitive sector lending policies and human rights statement.
-  Increase our lending to lower carbon emission power generation (i.e. renewables and gas) by 15-20% by 2020<sup>1</sup>.

KEY GOALS WE SET OUT TO ACHIEVE IN 2012



## EDUCATION AND EMPLOYMENT OPPORTUNITIES

-  Reach at least 40% representation of women in management, and achieve gender balance and greater cultural diversity in our key recruitment, talent development and learning programs.
-  Improve employee engagement, including perceptions of 'values-based leadership.'
-  Provide 230 positions through our traineeships, graduate program and permanent employment to people from disadvantaged backgrounds and enhance purchasing criteria to develop more relationships with companies which employ and support people with disability.
-  Advance the role of women in society through engagement on key public policy issues, including advocacy for more accessible, affordable and flexible childcare in Australia.



## FINANCIAL CAPABILITY

-  Reach 30,000 people from low-income and disadvantaged backgrounds with our MoneyMinded financial capability program.
-  Report publicly and engage key stakeholders in strategic review.
-  Enrol 14,250 people in our Saver Plus program across Australia by 2014.

## BRIDGING URBAN AND RURAL DIVIDES

-  Implement mobile phone banking in Papua New Guinea, Vanuatu, Samoa and Solomon Islands in 2012, then in Timor Leste in 2013.
-  Launch the Pacific Money Transfer Card to enable cost-effective remittances and sign up 2,800 customers.

## URBAN SUSTAINABILITY

-  Evaluate the pilot of our revised Environmental Management System and expand to cover two material markets in our Asian business.
-  Work towards achieving our three-year environmental targets in Australia and New Zealand, including greenhouse gas, premises energy, commercial waste, water, paper and air travel.

<sup>1</sup> Target applies to Project and Structured Finance transactions.

Context to our performance, targets achieved as well as missed, is given in our full Corporate Responsibility Report on [anz.com/cr](http://anz.com/cr).

# RESPONSIBLE PRACTICES

THE BANKING SECTOR REMAINS UNDER PUBLIC SCRUTINY. BANKS MUST WORK TO RESTORE CREDIBILITY AND CONTRIBUTE TO STABLE FINANCIAL SYSTEMS. OUR RESPONSIBLE PRACTICES ARE DESIGNED TO HELP MANAGE OUR OWN OPERATIONS AS WELL AS CONTRIBUTE TO THESE BROADER OBJECTIVES.

## RESPONSIBLE CORPORATE ACTIONS DEPEND ON INDIVIDUALS

Our ability to compete today and sustain growth in the future depends on employing highly skilled, motivated people, equipped to make responsible decisions.

This year we continued to emphasise our Values and Behaviours as central to our business strategy as we build a business that delivers responsible growth and prosperity for our customers, shareholders, people and communities.

## PROMOTING RESPONSIBLE BEHAVIOURS

Banking is an industry with relatively 'light' direct impacts but we can be exposed to significant impacts through the companies we finance. We are committed to having deep knowledge of our clients' businesses, including understanding the social and environmental impacts of sectors and specific operations that we bank.

We look to work with companies that operate at internationally accepted and best-in-class standards. This is particularly important as we expand in the fast-growing Asia Pacific economies, where accepted norms, government oversight and regulation vary widely.

We seek to differentiate ourselves, working with companies that see value in achieving internationally accepted standards and value a bank that partners with them to achieve that goal.

In 2012, we piloted a new Sustainability Leadership Program training course, aimed at staff in the International and Institutional Business (IIB). This half-day course, delivered in partnership with WWF-Australia, is designed to help staff make more informed decisions, considering the social and environmental contexts in which our clients operate.

The course emphasises the need to be alert to social and environmental risks and opportunities in business and the importance of understanding such issues to support our clients and act as a partner of choice. We will now implement the training across IIB and the Asia Pacific region.

Almost 1,000 employees completed our online Social and Environmental Risk training in 2012. This incorporates ANZ's Values and Behaviours, our sensitive sector policies and our approach to human rights, as well as how and when staff should identify and escalate potential issues.

We monitor our portfolio of existing and prospective clients on a continuous basis through our 'Reputation Risk Radar'. Notable incidents and allegations inform regular Early Alert Review meetings, which consider social, environmental and governance, as well as credit risks.

Exceptionally, where clients are unwilling or unable to answer our enquiries, the matter may be raised to our Reputation Risk Committee. The ultimate decision for us is whether to exit a relationship if a client is not prepared to operate responsibly. Our preference is always to work with clients to remediate matters. This is in ANZ's commercial interests, as well as having better long-term benefits for our clients and the communities in which they operate.

## NEW GUIDELINES AND UPDATING OUR APPROACH TO HUMAN RIGHTS

To ensure relevance and good practice, we regularly review our 'sensitive sector' and associated policies, designed to ensure social and environmental considerations are incorporated into banking practices, particularly with regard to high-impact industries.

In 2012, this led us to update our People and Communities statement to reflect the release of the United Nations Principles on Business and Human Rights. Following enquiries from external parties, including Socially Responsible Investor groups, we made it clear that by publicly supporting the UN Global Compact we acknowledge the United Nations Declaration of Human Rights and the three other Conventions underpinning the Compact.

Through our 2012 review, we identified a need for a Hydropower policy, supplementing our existing Water and Energy policies. This policy was developed in consultation with a range of internal and external stakeholders, including clients, industry associations and non-governmental organisations to ensure it balances the interests of our many different constituents.

Further information on our sensitive sector policies and our approach to human rights policies can be found at [anz.com/cr](http://anz.com/cr).

## PROMOTING RESPONSIBILITY IN OUR SUPPLY CHAIN

Our commitment to responsible practices across our business means we support our suppliers in complying with all local legal frameworks and to be considerate of the ethical, social and environmental impacts on the communities where they operate. Our requirements are published in our Supplier Code of Practice and integrated into our standard contract terms.

In 2012 we worked with an NGO partner, BSR, to conduct supplier forums in China and Indonesia, to help build supplier capacity, understanding and support for our Supplier Code of Practice. Suppliers worked in groups to examine the relevance and value of ANZ's approach to CR. Session outputs are being used to inform our compliance standards, development of strategies and partnerships to minimise environmental impacts, and to optimise social benefits across our supply chain.

We promoted internal support for Responsible Sourcing by conducting staff workshops in Australia, New Zealand, Singapore and Taiwan, increasing awareness and building actions into the everyday work of our sourcing teams.

## CLASS ACTION UPDATES

In September 2010, class action proceedings were commenced against ANZ, claiming that some fees charged on deposit and credit card accounts are penalties, or alternatively, that the imposition of these fees was unconscionable or unfair, and that the fees charged should be repaid with interest.

ANZ is defending the claim. The courts have considered and ruled on some preliminary matters but the case is at an early stage.

IMF (Australia) Ltd, a publicly listed company that provides funding for legal claims on a no-win, no-fee basis, is funding the class action. IMF has also initiated similar class actions against other major banks in Australia.

## EMERGENCY RELIEF

Fortunately, this year did not witness the level of humanitarian disasters that marked our Region in 2010 and 2011. However, there were still significant events that affected our people and their communities.

Severe flooding in Western Fiji in early 2012 and in the Philippines, particularly around Manila, in August resulted

ANZ's sustainable business practices, exceptional risk and crisis management procedures and its strong focus on sustainable investment products have earned it the leading position in the banking supersector. In addition to using comprehensive social and environmental screening tools for its credit assessment process, it is actively engaged in financing renewable energy and emission trading.

## SAM – SUSTAINABLE ASSET MANAGEMENT

Scorers of Dow Jones Sustainability Index



in loss of life and caused disruptions to economies and our operations. In both cases, local governments declared states of emergency.

ANZ quickly launched Employee Financial Assistance Programs for our staff, drawing on the successful program developed for ANZ staff impacted by the 2010 Queensland floods.

The assistance packages included special leave arrangements as well as financial grants for severely impacted staff. We also provided support to communities in need, including staff volunteering in the many areas where significant clean-up and repair efforts were needed.

In addition to our direct assistance to employees, loan repayment suspensions for customers and other foregone costs, we contributed \$0.6 million to supporting the communities impacted by these events.

PERFORMANCE KEY ——— ✓ ACHIEVED ⚡ PARTIALLY ACHIEVED OR IN PROGRESS ✗ DID NOT ACHIEVE

## RESPONSIBLE PRACTICES

- ✓ Improve customer satisfaction and achieve the No.1 or 2 position amongst major banks for our retail, commercial and Institutional businesses.
  - In Australia, retained No. 1 Relationship Strength Index position for Lead Relationships in the 2012 Peter Lee Associates Large Corporate and Institute Relationship Banking Research.
  - Customer satisfaction in Retail and Commercial Banking declined in the second half of the year, due to a number of issues including adverse publicity regarding interest rate decisions. Steps are in place to improve our customer satisfaction and we are seeing positive momentum.
- ✓ Resolve 90% of customer complaints within five business days.
- ✓ Develop and pilot a program to improve staff understanding of customers in financial difficulty to aid early identification of and assistance to affected customers.
- ✓ Reduce Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand by between 5–10% and continue implementation of our safety and wellbeing programs globally.
- ✓ Implement our Responsible Sourcing Program with a focus on our top 10 highest impact categories and publicly report the progress of our supplier education and auditing strategy.
- ✓ Publicly report progress on the implementation, application of and training in our sensitive sector lending policies and human rights statement.
- ✓ Increase our lending to lower carbon emission power generation (i.e. renewables and gas) by 15–20% by 2020<sup>1</sup>.

<sup>1</sup> Target applies to Project and Structured Finance transactions.

Context to our performance, targets achieved as well as missed, is given in our full Corporate Responsibility Report on [anz.com/cr](http://anz.com/cr).

KEY GOALS WE SET OUT TO ACHIEVE IN 2012



## CREATING EDUCATION AND EMPLOYMENT OPPORTUNITIES

THE SUCCESS OF OUR SUPER REGIONAL STRATEGY DEPENDS ON US HAVING AN EXPERIENCED, ETHICAL AND ENGAGED WORKFORCE, WITH EMPLOYEES WHO DEEPLY UNDERSTAND AND CONNECT WITH THEIR COLLEAGUES, OUR CUSTOMERS AND COMMUNITIES, WHEREVER WE OPERATE.

### INTERCULTURAL CAPABILITY

Our business strategy means ANZ's workforce will increasingly be required to understand and support customers within and across the Asia Pacific region. In building our workforce of the future, we have focused on recruiting and developing inspiring, values-based leaders and a diverse and inclusive team.

Around 73% of our top 181 executives have significant international experience comprising a minimum of three to five years working outside their home country.

ANZ's workforce represents in excess of 120 cultural backgrounds, speaks more than 90 languages and follows over 80 different religions. Networks, mentoring schemes and a 'sister branch' program, connect employees in Australia and New Zealand with peers across Asia Pacific. We also offer short-term secondments and promote culturally-focused festivals to help our people develop relationships, build customer insights and increase cross-border/divisional customer referrals.

At a community level, our CEO heads AsiaLink's Asia Capable Workplace strategy and our employees participate in their Asia Literacy for Schools program in Australia. We are a lead sponsor of the Diversity Council of Australia and the Australian Government's inaugural research into cultural diversity and capability of Australian Boards and businesses.

### GENDER EQUALITY IN LEADERSHIP

Increasing the proportion of women at all levels of management will enable ANZ to tap into a broader range of talents, leadership styles and skill-sets to manage our business and serve our customers.

This year we aimed to increase the representation of women in management to 40%, however we remained steady at around 38%. While we did not achieve our overall goal, there was progress at senior levels. Three women sit on our Management Board while others lead major global businesses and key countries in our growth strategy. In our Australia Division women hold 43% of all management positions.

Developing a strong pipeline of senior female leaders is a priority. We provide opportunities for high potential women to gain experience in key banking roles, necessary for future careers as senior leaders in the industry. Women represent 44% of participants in our Generalist Banker accelerated development program; 53% of our upcoming 2013 graduate intake; and 46% of participants in our Leadership Pathway development programs.

We work at a community level with organisations such as Chief Executive Women; the Australian Sex Discrimination Commissioner's Male Champions for Change Initiative; and Melbourne Business School to promote gender equality in business, better understanding the conditions and culture that enable women to thrive in leadership.

In March, our approach and progress in creating a more gender balanced business was recognised through our citation as Employer of Choice for Women for the eighth time from the Equal Opportunity in the Workplace Agency of Australia (EOWA).

### RECRUITING AND DEVELOPING EMPLOYEES FROM DISADVANTAGED COMMUNITIES

Education and employment enhance livelihoods, and are high on the development agendas of governments across our Region. As a large employer, our employment decisions

can significantly benefit the lives of disadvantaged and under-represented individuals, including people with disability, and among Indigenous and refugee communities.

Since we introduced our disability employment program in 2008, ANZ has employed 131 people with a self-disclosed disability, with a retention rate of 74%. In 2012, we employed 38 people with disability – 13 in Australia, 15 in India, two in the Philippines and eight in New Zealand.

Our Abilities team helps us make banking easier for customers. For example, our vision-impaired team enhanced our award-winning ANZ goMoney™ app for iPhone, introducing voice-overs and zooms to ensure ease and accessibility.

Since 2003 we have provided traineeships and employment to more than 650 Indigenous Australians. This year, we employed an additional 79 Indigenous trainees in our retail network; 23 Indigenous candidates were successfully recruited to full-time positions and 56 recruited via our Indigenous trainee program.

In 2012, ANZ was recognised by the Australian Human Resources Institute (AHRI) for excellence in the employment of people with disability and Indigenous Australians.

ANZ participates in The Brotherhood of St Laurence's Given the Chance refugee employment programs, providing refugees in Australia with skills and experience to enter the workforce. So far, 56 refugees have taken part in areas including Retail Products, Operations, Australian Branch Network, and the Australian Call Centre with a retention rate of 73%.

### SUPPORTING EMPLOYEES THROUGH CHANGE

We experienced challenges meeting some of our employment targets this year due to economic conditions, low employment growth and restructures within our business, which meant we prioritised redeploying existing employees into available roles. These circumstances saw the loss of around 1000 full-time roles, largely in our Australian business.

A comprehensive program was put in place to support affected employees. They received assistance finding alternative roles within ANZ through an active redeployment program, or outside of ANZ through outplacement services, which provide career coaching, job search training and professional support services. In addition, our New Career Training Fund offered grants of up to \$10,000, enabling those impacted to retrain for careers outside banking.

Denysa Marshall, a Personal Banker in Western Australia and ANZ Indigenous Employment program participant initially joined the ANZ Indigenous School Based Traineeship. She says the program teaches people how to be ambitious from a young age.

“While most young Indigenous people can get a job, this is the start of a career – whether it's in a branch or as a Business Specialist or a Financial Planner. The traineeship helped me to think about my future in a more mature manner.”

### INSPIRING AND ENGAGING OUR TEAM

Amidst these challenging conditions, our annual 'My Voice' survey showed employee engagement levels steady at around 70% – consistent with the banking sector average.

84% of employees feel their manager demonstrates through action the importance of customer service; 79% believe ANZ is creating a workforce that is open and accepting of individual difference; 76% believe their opinions count; and 80% believe their manager enables them to effectively manage their work and life commitments. Engagement amongst women overall is equal to men; while engagement among our most senior women increased from 75% to 82%.

Initiatives are in place to address the survey findings and achieve our best-practice employee engagement aims. Initiatives include a group-wide program to help employees deeply understand our super regional strategy and how their work contributes to our goals, alongside continual reinforcement of ANZ's Values and Behaviours.

### WOMEN IN MANAGEMENT

|                           | 30 Sept 2011 Baseline | 2012 Targets | 30 Sept 2012 Results |
|---------------------------|-----------------------|--------------|----------------------|
| Senior Executive          | 22.8%                 | 24%          | 23.9%                |
| Senior Manager            | 28.5%                 | 31.5%        | 28.1%                |
| Manager                   | 40.3%                 | 42%          | 39.6%                |
| Total Women in Management | 38.2%                 | 40%          | 37.8%                |

PERFORMANCE KEY ———> ACHIEVED PARTIALLY ACHIEVED OR IN PROGRESS DID NOT ACHIEVE

### CREATING EDUCATION AND EMPLOYMENT OPPORTUNITIES

- Reach at least 40% representation of women in management; and achieve gender balance and greater cultural diversity in our key recruitment, talent development and learning programs.
- Improve employee engagement, including perceptions of 'values-based leadership.'
- Provide 230 positions through our traineeships, graduate program and permanent employment to people from disadvantaged backgrounds and enhance purchasing criteria to develop more relationships with companies which employ and support people with disability.
- Advance the role of women in society through engagement on key public policy issues, including advocacy for more accessible, affordable and flexible childcare in Australia.

KEY GOALS WE SET OUT TO ACHIEVE IN 2012

Context to our performance, targets achieved as well as missed, is given in our full Corporate Responsibility Report on [anz.com/cr](http://anz.com/cr).



## BUILDING FINANCIAL CAPABILITY

WE HAVE A LONG COMMITMENT TO BUILDING MONEY MANAGEMENT SKILLS AND SAVINGS OF DISADVANTAGED GROUPS IN AUSTRALIA AND ACROSS OUR REGION. IN 2012 A STRATEGIC REVIEW OF OUR AUSTRALIAN PROGRAMS FOUND THEY ARE MARKET-LEADING, PROVIDING REAL SOCIAL BENEFITS TO OUR COMMUNITY THROUGH MONEYMINDED, MONEYBUSINESS AND SAVERPLUS.

### EXPANDING MONEYMINDED

We are committed to making a significant contribution to the economic development and wellbeing of the communities we serve through building financial literacy and inclusion.

This remains the overwhelming focus of our community investment activities. It aligns with our purpose as a bank and we have built notable expertise, working with governments, community partners and experts to develop our approaches. MoneyMinded is our flagship program.

We developed our MoneyMinded program in Australia in consultation with the community sector, educators and government with the goal of improving people's confidence in managing money effectively. In support of our super regional strategy, MoneyMinded has been adapted for use across our Region. The program is now delivered in 13 countries and in 2012 we ran new pilots in India, Indonesia, Solomon Islands, Timor Leste, Vietnam, Kiribati, Vanuatu and New Zealand.

In New Zealand, we are partnering with the Solomon Group in South Auckland to pilot MoneyMinded. Eleven Solomon Group staff received accreditation as MoneyMinded facilitators in 2012 and 70 clients have already completed the pilot program.

In Indonesia we are delivering MoneyMinded by partnering with Yayasan Cinta Anak Bangsa (YCAB). Working closely with YCAB, a not-for-profit organisation that provides micro loans to women in underdeveloped areas, we help the organisation to deliver MoneyMinded training to their clients. As a pilot project in 2012, we trained 150 YCAB clients.

RMIT University evaluated the impacts of MoneyMinded on participants who have completed the program in Fiji and Papua New Guinea. Key findings are:

- » 74% increased their monthly savings deposits and nearly all (97%) reported a greater capacity to make ends meet
- » 91% encouraged their children and family members to save
- » participants feeling completely satisfied with life increased 51%.

More than 200,000 people have participated in MoneyMinded and more than 6,000 facilitators have been trained to deliver the program internationally since 2005, but there is still much to be done. Working with our partners, we aim to reach a further 200,000 people over the next five years.

### MONEYSMART WEEK

We partnered with businesses, community organisations and government in Australia's inaugural MoneySmart Week, a national not-for-profit initiative aimed at promoting the importance of financial literacy and raising awareness of programs and support available.

We encourage our staff and customers to 'be money smart' by providing seminars on money management and promoting the use of the free online Money Health Check tool via our branch network and website, anz.com.

Our approach to advancing financial literacy in Australia has been recognised with 'Outstanding' MoneySmart Week Awards, for Research and Community, two of the four award categories.

The ANZ Survey of Adult Financial Literacy in Australia is conducted every three years. The Survey identifies groups with low levels of financial literacy and provides insight into the attitudes and behaviours which determine how a person perceives and manages their finances. It is the only Australian survey of its kind, and assists policy makers, community organisations and other companies to develop targeted programs to lift financial literacy levels.

At the most recent Survey launch, Peter Kell, ASIC Commissioner said, "ASIC welcomes ANZ's long-term commitment to financial literacy and to this national survey. OECD research tells us that this survey is the most frequently repeated long running national financial literacy survey in the world. The longevity of this survey is vital, as it helps us to track progress in improving the financial skills, knowledge and behaviour of Australians. The survey also helps ASIC to better target and focus our financial literacy efforts."

Saver Plus is ANZ's financial education and matched savings program developed with the Brotherhood of St Laurence (BSL) and delivered by BSL, Berry Street, The Benevolent

Society, The Smith Family and other local community organisations. Since 2003, it has assisted around 14,000 Australians to develop a savings habit. A further 10,000 Australians are expected to participate in Saver Plus between 2012 and 2014.

More than 87% of Saver Plus participants have developed a savings habit, continuing to save at the same rate, or more, for up to three years after completion.

"I can see us actually having a good future now, and not one where we're struggling from pay cheque to pay cheque. It's through doing Saver Plus and MoneyMinded that I'm a lot more driven to save. I look at what I can achieve now and I know that the program helped me get to where I am today. I feel like I've won the financial war."

DELPHI ANDERSON,  
SAVER PLUS PARTICIPANT



## CASE STUDY ONE: IMPACT OF MONEYMINDED IN AUSTRALIA CHANGES IN SAVINGS PATTERN

| Question to participants: Describe your savings pattern. Figures are percentages | Before MoneyMinded | After MoneyMinded | Change |
|--|--------------------|-------------------|--------|
| I save a set amount on a regular basis   | 13.3               | 34.7              | 21.4   |
| I save what is left over after expenses on a regular basis                       | 13.3               | 32.7              | 19.4   |
| I save odd amounts when I can  | 43.9               | 27.6              | (16.3) |
| I was never able to save   | 29.6               | 5.1               | (24.5) |

Source: MoneyMinded Summary Report ("The Reach and Impact of MoneyMinded in Asia Pacific 2010-2011"). May 2012.

Survey: Participants attending MoneyMinded sessions between 1 October 2010 to 30 September 2011.

Sample Size: Estimated total of 30,215 people in Australia and New Zealand.

PERFORMANCE KEY ———> ✔ ACHIEVED ✔ PARTIALLY ACHIEVED OR IN PROGRESS ✘ DID NOT ACHIEVE

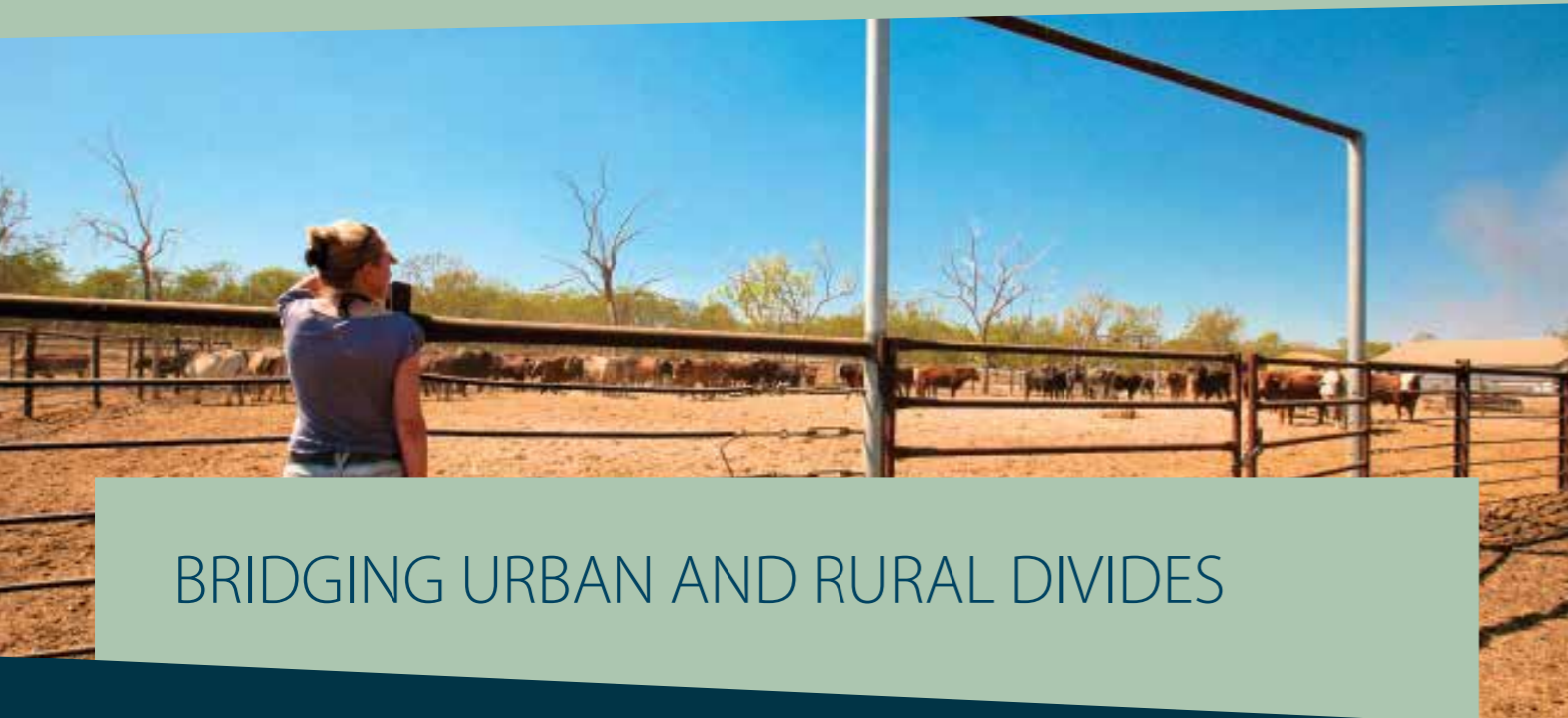
### FINANCIAL CAPABILITY

- ✔ Reach 30,000 people from low-income and disadvantaged backgrounds with our MoneyMinded financial capability program.
- ✔ Report publicly and engage key stakeholders in strategic review.
- ✔ Enrol 14,250 people in our Saver Plus program across Australia by 2014.

KEY GOALS WE SET OUT TO ACHIEVE IN 2012

Context to our performance, targets achieved as well as missed, is given in our full Corporate Responsibility Report on [anz.com/cr](http://anz.com/cr).





## BRIDGING URBAN AND RURAL DIVIDES

AS CITIES CONTINUE TO GROW, MORE JOBS ARE IN URBAN ENVIRONMENTS AND THE OPPORTUNITY GAP BETWEEN COMMUNITIES IN URBAN AND RURAL SETTINGS BECOMES MORE PRONOUNCED.

### SUPPORTING NATIONAL AGENDAS

Helping bridge economic and social divides between urban and rural regions is a significant priority for governments and communities in many of our markets. Improving access to banking and encouraging financial inclusion are key ways we can make a difference.

We have been operating in the Pacific for over 130 years and have over 40% of banking market share. Many governments in the region look to us to demonstrate good practice banking models and to support them in their efforts to promote development opportunities in their own countries and links between them, the rest of Asia, Australia and New Zealand.

Our ability to support these agendas is frequently 'tied' to our licence to operate. Bridging urban and rural divides by providing fair, safe and affordable products and services, as well as targeted financial literacy and inclusion programs, are thus critical to our success and to the prosperity of those communities.

### WORKING WITH RURAL COMMUNITIES IN ASIA PACIFIC

Our rural banking service in Fiji provides face-to-face banking services to more than 300 communities and 170 schools through purpose-built trucks, 'banktainers', that travel between remote villages.

We have extended the service to other Pacific island countries, now serving nearly 90,000 people throughout Fiji, the Solomon Islands, Samoa and Vanuatu. As part of the services, we also conduct financial literacy education through MoneyMinded Pacific.

### INNOVATIVE BANKING SOLUTIONS

In June 2012 we opened our first banktainer in Papua New Guinea (PNG). This is our first full service branch able to be 'dropped in' to service remote communities, such as Lihir Island, an important natural resources hub in PNG. This innovative, transportable solution provides international companies and the Lihir community with critical banking services that connect customers to our main branch in Port Moresby, as well as to expertise across our regional network.

// The arrival of the ANZ banktainer has definitely sparked the interest of the Lihir community; this is evident by the lines of ANZ customers queued to use the ATMs and teller service. The banktainer is being used by mine workers as well as the local community.

Importantly for Newcrest, the additional banking facilities are proving to be a great convenience to the Lihirian community and its arrival will no doubt enable more people to be introduced to and have access to banking services.

Newcrest congratulates ANZ for establishing the banktainer. //

PETER JOHN AITSI,  
COUNTRY MANAGER – PNG  
Newcrest Mining Limited



We developed another innovation in response to the severe floods in Fiji in early 2012. Our branch in Nadi, a town described as the gateway to Fiji, is now the first in ANZ's network to have a 'waterproof design', which can be used in flood-prone areas around the world. When natural disasters occur, our businesses can be among the first to recover and play a vital role in restoring impacted economies.

This year, as part of a commitment to support micro-finance institutions in the Asia Pacific region, three of our high-performing staff participated in three-month secondments, facilitated by Australian Volunteers International (AVI).

Casey Morecroft from our Institutional Agribusiness team worked with the Pacific Islands Private Sector Organisation (PIPSO). Casey's work was presented at the 2012 Pacific Islands Forum in the Cook Islands, attended by Australian Prime Minister Julia Gillard and US Secretary of State Hillary Clinton. It highlighted that a major obstacle to private sector development in the Pacific, with high rural populations, is people's lack of access to banking services.

Mobile phone banking is one way to address this. With six million people in the Pacific currently unable to access financial services, but rapidly growing mobile phone penetration, as high as 60% in Samoa and 70% in Papua New Guinea, it is a critical channel offering the ability for people to benefit quickly from banking infrastructure.

In 2012 we overcame impediments to implementing our mobile phone banking services in key Pacific markets and have targeted reaching 50,000 people in 2013.

### PROMOTING RURAL DEVELOPMENT IN WESTERN CHINA

We continue to support rural industries in China through our extensive rural finance expertise, and to foster and improve economic sustainability among rural farmers. For example, our Chongqing Liangping ANZ Rural Bank helps businesses in aquaculture, livestock, tea, medicine culture and silk worm industries.

One such business customer used to employ several farmers to extract plant oil in a time-consuming process, selling only to local villagers. Through loans and training by ANZ staff, in aspects of financial and enterprise management, the business has grown significantly in size so that by 2012 it has become a leading enterprise in the municipality.

### WORKING WITH INDIGENOUS AUSTRALIANS

In Australia, we have demonstrated our strong commitment to supporting Indigenous communities through a wide range of activities, including our MoneyBusiness Program and our Indigenous Action Plan.

MoneyBusiness is an adult financial education program adapted specifically to build the money management skills and confidence of Indigenous Australians and to help develop a stronger savings culture in Indigenous communities. It was developed by ANZ and the Australian Government. As of 2012, it is being delivered by community agencies in more than 215 communities around Australia.

In June this year, we released our new Indigenous Action Plan, which continues our commitment to provide employment and training opportunities for Indigenous people.

In May 2012 ANZ was selected to manage all of the Indigenous Land Corporation's (ILC) transactional banking. The ILC is an independent statutory authority of the Australian Government. A deciding factor in our winning the tender, in addition to our core banking skills, was ANZ's clear commitment to Indigenous communities demonstrated by our Indigenous employment and trainee programs and MoneyBusiness.

### FURTHER SUPPORTING RURAL AND REGIONAL AUSTRALIA

In June 2012 we partnered with the Australian Beef Industry Foundation (ABIF) to deliver a scholarship program aimed at developing future generations of Australian rural agribusiness leaders.

Frank Archer, Chairman of the ABIF, said, "There is a definite skills shortage within rural and regional areas across Australia, but particularly so in the beef industry. ANZ has recognised this as an important issue for the industry and is working hand-in-hand with us to provide the much-needed support this issue needs."

More broadly, we support rural and regional communities in Australia through our Seeds of Renewal program, in which we partner with the Foundation for Rural and Regional Renewal. The program provides small grants of up to AU\$15,000 to community organisations in remote areas to support local leadership development and new education and employment opportunities. This year, we supported 30 new projects across regional Australia.

PERFORMANCE KEY ———> ACHIEVED PARTIALLY ACHIEVED OR IN PROGRESS DID NOT ACHIEVE

### BRIDGING URBAN AND RURAL DIVIDES

- Implement mobile phone banking in Papua New Guinea, Vanuatu, Samoa and Solomon Islands in 2012, then in Timor Leste in 2013.
- Launch the Pacific Money Transfer Card to enable cost-effective remittances and sign up 2,800 customers.

KEY GOALS WE SET OUT TO ACHIEVE IN 2012

Context to our performance, targets achieved as well as missed, is given in our full Corporate Responsibility Report on [anz.com/cr](http://anz.com/cr).



## SUPPORTING URBAN SUSTAINABILITY

AS MUCH OF THE ASIA PACIFIC REGION CONTINUES TO URBANISE, IMPROVING URBAN SUSTAINABILITY IS AN INCREASING PRIORITY FOR GOVERNMENTS, CUSTOMERS AND COMMUNITIES.

### ENERGY MIX IS KEY TO URBAN SUSTAINABILITY

We are committed to improving environmental sustainability performance in the cities where we operate. We actively support our customers and suppliers in this regard and are committed to delivering sound environmental outcomes in our workplaces and branches.

ANZ's activities in the energy sector need to meet international performance standards, as expressed in our Energy policy. When considering financing the energy sector, we support customers in examining lower carbon options and our decision-making framework is influenced by explicit thresholds of carbon intensity of energy production. High emissions production proposals go directly to our Reputation Risk Committee for consideration. Our Energy policy also includes a target to increase our lending to lower carbon emission generation by 15–20% by 2020<sup>1</sup>.

To see our full suite of sector and other policies, go to [anz.com/governance](http://anz.com/governance).

### RESPONDING TO REGULATORY ENVIRONMENTS

An important development this year was the introduction of the Australian Government's 'Clean Energy Future' package, which came into effect on 1 July 2012.

In preparation, we established ANZ's Carbon Working Group to ensure that both ANZ and our customers were well prepared for its impacts, able to manage any risks, and benefit from opportunities of the new legislation.

We have notable experience in this. In response to the New Zealand Emissions Trading Scheme and other international carbon markets we have an established Energy and Emissions Trading desk. Through the trading desk we assist our clients in managing their liabilities arising under such schemes.

We also work with our customers to reduce energy and other resource consumption across their businesses by financing more efficient plant, equipment and buildings.

### IMPLEMENTATION OF OUR ENVIRONMENTAL MANAGEMENT SYSTEM IN ASIA

In our own workplaces, we continually seek to identify, control and improve our environmental impacts. Our Environmental Management System (EMS) provides a structured approach to assessing the operational impact of our physical footprint on the environment and helps set targets to improve our performance.

Following a successful pilot in Singapore in 2011, we have continued to roll out the EMS across our operations in Asia during 2012, with a focus on Cambodia and India.

The continued expansion of the EMS across Asia has included the extension of our online environmental reporting, which now captures data from over 30 countries, thereby improving our ability to manage our global environmental performance.

<sup>1</sup> Target applies to Project and Structured Finance transactions.

Further implementation of our EMS across our global business in 2013 will enable us to establish a group-wide baseline for our energy use and associated GHG emissions with improved granularity to set targets for global reductions going forward.

### IMPROVING OUR PERFORMANCE

We monitor, set targets and report progress annually on a number of environmental impact areas relating to our Australian and New Zealand operations, including: energy, greenhouse gas emissions, water, paper and resource efficiency.

Our Australian operations account for over two thirds of our global GHG emissions. In 2012 ANZ reduced absolute GHG emissions from our Australian operations by over 5% against the 2011 year baseline. This was achieved through implementation of a number of operational improvements in our property portfolio and reductions in corporate travel.

In 2012, energy savings at our headquarters, the ANZ Centre in Melbourne, made the largest single impact in reducing emissions from our commercial portfolio. Since moving into this building we have reduced our GHG emissions by over 15% against our 2010 baseline.

Further savings have also been achieved through the relocation of our Queensland head office to a '6-Star Green Star' building in Brisbane's central business district. Our rolling refurbishment program across our bank branch network has continued in 2012, and has included the installation of a range of energy efficiency measures that have further contributed to our GHG emission reductions.

After energy use in our commercial buildings, GHG emissions associated with air travel represent our next greatest emissions source. In 2012 we reduced our global air travel emissions by approximately one quarter, achieving associated cost savings of over \$15 million, through minimising non-customer-related travel, coupled with the continued rollout of virtual communication technology, notably telepresence video-conferencing.

// Contact has partnered with ANZ because they have a strong track record in delivering Export Credit Agency facilities in the New Zealand market, but also significant experience working with the New Zealand electricity market.

Contact is currently constructing the 166MW Te Mihi geothermal power station, located near Taupo. When commissioned, Te Mihi will provide New Zealand with additional renewable, baseload electricity to power more than 100,000 homes. //

**LOUISE TONG,**  
**CORPORATE TREASURER**

Contact Energy



Travelling to see customers is a critical part of our service. In New Zealand, ANZ leases over 700 vehicles and in 2009 we commenced a program to lease only four-cylinder vehicles. By the end of 2012, all remaining six-cylinder vehicles in our New Zealand fleet will have been replaced with four-cylinder models, improving the fuel efficiency of our vehicle fleet, reducing our GHG emissions and delivering cost savings of approximately \$0.5 million per annum.

We remain committed to maintaining carbon neutrality across our global business, with a priority on reducing our footprint, supported by the purchase of international offsets to compensate for unavoidable carbon emissions. Carbon offsets purchased by ANZ are accredited to the Australian Government's National Carbon Offset Standard (NCOS).

PERFORMANCE KEY ———> ACHIEVED PARTIALLY ACHIEVED OR IN PROGRESS DID NOT ACHIEVE

### URBAN SUSTAINABILITY

- Evaluate the pilot of our revised Environmental Management System and expand to cover two material markets in our Asian business.
- Work towards achieving our three-year environmental targets in Australia and New Zealand, including greenhouse gas, premises energy, commercial waste, water, paper and air travel.

KEY GOALS  
WE SET OUT  
TO ACHIEVE  
IN 2012

Context to our performance, targets achieved as well as missed, is given in our full Corporate Responsibility Report on [anz.com/cr](http://anz.com/cr).

## FIVE-YEAR SUMMARY

### FINANCIAL

FIVE-YEAR SUMMARY 2008–2012

|  | 2012      | 2011      | 2010      | 2009      | 2008      |
|--|-----------|-----------|-----------|-----------|-----------|
|  | \$m       | \$m       | \$m       | \$m       | \$m       |
| <b>UNDERLYING FINANCIAL PERFORMANCE<sup>1</sup></b>                |           |           |           |           |           |
| Net interest income <sup>2</sup>                                   | 12,111    | 11,498    | 10,862    | 9,890     | 7,855     |
| Other operating income <sup>2</sup>                                | 5,468     | 5,314     | 4,920     | 4,477     | 4,440     |
| Operating expenses   | (8,022)   | (7,718)   | (6,971)   | (6,068)   | (5,406)   |
| Profit before credit impairment and income tax                     | 9,557     | 9,094     | 8,811     | 8,299     | 6,889     |
| Provision for credit impairment                                    | (1,246)   | (1,211)   | (1,820)   | (3,056)   | (2,090)   |
| Income tax expense and non-controlling interest                    | (2,300)   | (2,231)   | (1,966)   | (1,471)   | (1,373)   |
| Underlying profit <sup>1</sup>                                     | 6,011     | 5,652     | 5,025     | 3,772     | 3,426     |
| Adjustments between statutory and underlying profit <sup>1</sup>   | (350)     | (297)     | (524)     | (829)     | (107)     |
| Profit attributable to shareholders of the Company                 | 5,661     | 5,355     | 4,501     | 2,943     | 3,319     |
| <b>FINANCIAL POSITION</b>  |           |           |           |           |           |
| Assets <sup>2,3</sup>  | 642,127   | 604,213   | 531,703   | 476,987   | 470,293   |
| Net Assets   | 41,220    | 37,954    | 34,155    | 32,429    | 26,552    |
| Tier 1 capital ratio <sup>4</sup>                                  | 10.8%     | 10.9%     | 10.1%     | 10.6%     | 7.7%      |
| Return on average ordinary equity <sup>5</sup>                     | 14.6%     | 15.3%     | 13.9%     | 10.3%     | 14.5%     |
| Return on average assets <sup>2</sup>                              | 0.9%      | 0.9%      | 0.9%      | 0.6%      | 0.8%      |
| Cost to income ratio <sup>1</sup>                                  | 45.6%     | 45.9%     | 44.2%     | 42.2%     | 44.0%     |
| <b>SHAREHOLDER VALUE – ORDINARY SHARES</b>                         |           |           |           |           |           |
| Total return to shareholders (share price movement plus dividends) | 35.4%     | (12.6%)   | 1.9%      | 40.3%     | (33.5%)   |
| Market capitalisation  | 67,255    | 51,319    | 60,614    | 61,085    | 38,263    |
| Dividend   | 145 cents | 140 cents | 126 cents | 102 cents | 136 cents |
| Share price – 30 September closing price                           | \$24.75   | \$19.52   | \$23.68   | \$24.39   | \$18.75   |
| <b>OTHER INFORMATION</b>   |           |           |           |           |           |
| Points of representation <sup>6</sup>                              | 1,337     | 1,381     | 1,394     | 1,352     | 1,346     |
| Number of employees (full-time equivalent) <sup>7</sup>            | 48,239    | 50,297    | 47,099    | 37,687    | 36,925    |
| Number of shareholders <sup>8</sup>                                | 438,958   | 442,943   | 411,692   | 396,181   | 376,813   |

<sup>1</sup> Profit has been adjusted for certain non-core items to arrive at underlying profit, the result for the ongoing business activities of the Group. These adjustments have been determined on a consistent basis with those made in prior years. The adjustments made in arriving at underlying profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. Underlying profit is not audited, however, the external auditor has informed the Audit Committee that the adjustments, and the presentation thereof, are based on the guidelines released by the Australian Institute of Company Directors (AICD) and the Financial Services Institute of Australasia (FINSIA), and have been determined on a consistent basis with those made in prior years. Refer to page 204 to 206 for analysis of the adjustments between statutory profit and underlying profit. <sup>2</sup> The 2011 comparative information has been restated to reflect the impact of the current period reporting treatment of derivative related collateral posted/received and the associated interest income/expense. Refer to note 1 of the financial statement for further details. The 2008 to 2010 comparative information has not been restated. <sup>3</sup> In 2010, consolidated assets included assets from ANZ Wealth Australia (formerly OnePath Australia), OnePath NZ (formerly ING NZ), Landmark and RBS acquired during the financial year. <sup>4</sup> Calculated in accordance with APRA requirements effective at the relevant date. Basel II has been applied from 1 January 2008. <sup>5</sup> Average ordinary equity excludes non-controlling interests and preference shares. <sup>6</sup> Includes branches, offices, representative offices and agencies. <sup>7</sup> Comparative amounts have changed reflecting an amendment to FTE to align to the current year methodology (2011: FTE increased by 1,359). <sup>8</sup> Excludes employees whose only ANZ shares are held in trust under ANZ employee share schemes.

### NON-FINANCIAL

FIVE-YEAR PERFORMANCE SUMMARY 2008–2012

|  | 2012    | 2011                  | 2010     | 2009             | 2008    |
|--|---------|-----------------------|----------|------------------|---------|
| <b>OUR CUSTOMERS</b>   |         |                       |          |                  |         |
| <b>Retail customer satisfaction</b>                                  |         |                       |          |                  |         |
| » Australia <sup>1</sup>   | 76%     | 79.8%                 | 79.9%    | 76.5%            | 77.1%   |
| » New Zealand <sup>2</sup>   | 89%     | 89%                   | 85%      | 86%              | 88%     |
| <b>Institutional Relationship Strength Index ranking<sup>3</sup></b> |         |                       |          |                  |         |
| » Australia  | 2       | 1                     | 1(equal) | 2                | 1       |
| » New Zealand  | 1       | 1                     | 1        | 3                | 1       |
| <b>OUR PEOPLE</b>  |         |                       |          |                  |         |
| Total employees (FTE)  | 48,239  | 50,297 <sup>4</sup>   | 47,099   | 37,687           | 36,925  |
| Employee engagement survey results                                   | 70%     | 70%                   | 64%      | 66% <sup>5</sup> | 62%     |
| Total women in management  | 37.8%   | 38.2%                 | 38.4%    | 36.8%            | 37%     |
| Investment in learning and development (\$m)                         | 42.5    | 50.2                  | 47.5     | 43               | 58.5    |
| <b>Lost Time Injury Frequency Rate</b>                               |         |                       |          |                  |         |
| » Australia  | 1.5     | 2.1                   | 2.2      | 1.9              | 2.4     |
| » Australia <sup>6</sup>   | 1.2     | 1.5                   | 1.7      | 1.4              | 1.4     |
| » New Zealand  | 0.9     | 1.8                   | 2.2      | 1.5              | 2       |
| » APEA <sup>7</sup>  | 0.3     | –                     | –        | –                | –       |
| » India <sup>8</sup>   | 0.3     | 0.0                   | 0.0      | 0.60             | –       |
| <b>OUR COMMUNITIES<sup>9</sup></b>                                   |         |                       |          |                  |         |
| Total value of community investment (\$m)                            | 14.9    | 16.9                  | 16.2     | 22.2             | 18.9    |
| Volunteer hours  | 86,758  | 91,410                | 90,651   | 58,097           | 79,620  |
| <b>OUR ENVIRONMENT<sup>10</sup></b>                                  |         |                       |          |                  |         |
| <b>GHG emissions<sup>11</sup> (tonnes CO<sub>2</sub>-e)</b>          |         |                       |          |                  |         |
| » Australia  | 163,906 | 166,311 <sup>12</sup> | 170,299  | 161,985          | 154,335 |
| » New Zealand <sup>13</sup>  | 14,009  | 11,164                | 12,429   | 13,700           | 16,072  |
| » Asia Pacific, Europe and America                                   | 31,164  | 30,189                | 22,725   | –                | –       |
| <b>Paper consumption (tonnes per FTE)<sup>14</sup></b>               |         |                       |          |                  |         |
| » Australia  | 0.163   | 0.167                 | 0.211    | 0.178            | 0.189   |
| » New Zealand  | 0.155   | 0.125                 | 0.148    | 0.146            | 0.163   |

<sup>1</sup> Source: Roy Morgan Research – Main Financial Institution. <sup>2</sup> Source: Nielsen Consumer Finance Monitor. <sup>3</sup> Source: Peter Lee Associates Large Corporate and Institutional Relationship Banking Report 2012. Ranked against top four competitors. <sup>4</sup> 2011 FTE numbers adjusted to include APEA contractors. <sup>5</sup> Interim survey and change in provider; 2009 results onwards are not comparable with previous years. <sup>6</sup> LTIFR only includes LTIs that result in claims. <sup>7</sup> APEA started to calculate LTIF in 2011. <sup>8</sup> India started to calculate LTIF in 2009. <sup>9</sup> Community investment is measured according to the London Benchmarking Group Methodology and does not include foregone revenue. <sup>10</sup> 2012 data is pending external verification. A full, verified environmental report will be available on anz.com. <sup>11</sup> Scope 1 + 2 only. A full GHG profile (scope 1, 2 and 3) will be available on anz.com. <sup>12</sup> Figure updated from 166,756 as reported last year due to updates of estimates to actual figure. <sup>13</sup> Emission factors were updated by the NZ Government in 2011 – leading to a revision of 2009/10 data. <sup>14</sup> Includes both office and print (customer) paper.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

THE BOARD IS RESPONSIBLE TO SHAREHOLDERS FOR THE GOVERNANCE OF ANZ, AND OVERSEES ANZ'S OPERATIONS AND FINANCIAL PERFORMANCE. IT APPROVES THE STRATEGIC DIRECTION, FINANCIAL OBJECTIVES AND APPROPRIATE RISK APPETITE FOR THE ORGANISATION.

|   | Financial Year | Short-term NED Benefits \$ | Post-Employment \$ | Total Remuneration \$ |
|---|----------------|----------------------------|--------------------|-----------------------|
| <b>CURRENT NON-EXECUTIVE DIRECTORS</b>      |                |                            |                    |                       |
| <b>J Morschel</b>                           | <b>2012</b>    | <b>775,000</b>             | <b>15,949</b>      | <b>790,949</b>        |
|   | 2011           | 775,000                    | 15,343             | 790,343               |
| <b>G Clark</b>                              | <b>2012</b>    | <b>300,000</b>             | <b>15,949</b>      | <b>315,949</b>        |
|   | 2011           | 300,000                    | 15,343             | 315,343               |
| <b>P Dwyer<sup>1</sup></b>                  | <b>2012</b>    | <b>136,250</b>             | <b>8,061</b>       | <b>144,311</b>        |
|   |                |                            |                    |                       |
| <b>P Hay</b>                                | <b>2012</b>    | <b>302,500</b>             | <b>15,949</b>      | <b>318,449</b>        |
|   | 2011           | 302,500                    | 15,343             | 317,843               |
| <b>H Lee</b>                                | <b>2012</b>    | <b>280,000</b>             | <b>15,949</b>      | <b>295,949</b>        |
|   | 2011           | 280,000                    | 15,343             | 295,343               |
| <b>I Macfarlane</b>                         | <b>2012</b>    | <b>314,500</b>             | <b>15,949</b>      | <b>330,449</b>        |
|   | 2011           | 314,500                    | 15,343             | 329,843               |
| <b>D Meiklejohn</b>                         | <b>2012</b>    | <b>321,322</b>             | <b>15,949</b>      | <b>337,271</b>        |
|   | 2011           | 320,186                    | 15,343             | 335,529               |
| <b>A Watkins</b>                            | <b>2012</b>    | <b>312,500</b>             | <b>15,949</b>      | <b>328,449</b>        |
|   | 2011           | 312,500                    | 15,343             | 327,843               |
| <b>Total of all Non-Executive Directors</b> | <b>2012</b>    | <b>2,742,072</b>           | <b>119,704</b>     | <b>2,861,776</b>      |
|   | 2011           | 2,604,686                  | 107,401            | 2,712,087             |

<sup>1</sup> P Dwyer commenced as a Non-Executive Director on 1 April 2012 so remuneration reflects amounts received for the partial service for the 2012 year.

## REMUNERATION OVERVIEW

THE FOLLOWING PROVIDES A SUMMARY OF THE REMUNERATION FOR THE CHIEF EXECUTIVE OFFICER (CEO) AND DISCLOSED EXECUTIVES – KEY MANAGEMENT PERSONNEL\*.

A MORE DETAILED REMUNERATION REPORT IS CONTAINED IN THE ANNUAL REPORT PAGE 13. THE REPORT CAN BE ACCESSED VIA THE ANZ WEBSITE <http://anz.com/annualreport> AS WELL AS IN HARD COPY.

ANZ's remuneration framework is designed to focus our people on creating and enhancing value for our shareholders and other stakeholders. We aim to ensure there is a strong alignment between the short and long-term interests of both our shareholders and the executive team.

There are three components to remuneration – Fixed Remuneration, Short Term Incentive (STI) and Long Term Incentive (LTI). In the case of the CEO, his remuneration opportunity is split evenly between the three components. In the case of Disclosed Executives, a significant portion of their remuneration is 'at risk' with the outcomes differing from executive to executive. Refer to the Annual Report, page 16, for a detailed description of the 'Composition of Remuneration at ANZ'.

The following summary has been prepared to provide shareholders with a view of remuneration structure and how remuneration was paid or communicated to the CEO and Disclosed Executives for 2011 and 2012 and includes:

- » the actual amounts or grants made in respect of the years 2011 and 2012;
- » any amounts which had to be deferred in respect of the years 2011 and 2012; and
- » the actual amounts received in respect of the years 2011 and 2012.

\*The term Key Management Personnel is defined under the Corporations Act.

# REMUNERATION OVERVIEW

## NON-STATUTORY REMUNERATION TABLE

| Name   | Financial Year | FIXED                           |                             | STI              |                          |                  |                     |                                  | LTI                              | TOTAL REMUNERATION |                          |                   |
|--|----------------|---------------------------------|-----------------------------|------------------|--------------------------|------------------|---------------------|----------------------------------|----------------------------------|--------------------|--------------------------|-------------------|
|  |                | Remuneration <sup>1</sup><br>\$ | Non monetary benefits<br>\$ | Cash<br>\$       | Deferred as equity<br>\$ | Total<br>\$      | As % of target<br>% | As % of maximum opportunity<br>% | Total (deferred as equity)<br>\$ | Received<br>\$     | Deferred as equity<br>\$ | Total<br>\$       |
| <b>CEO AND CURRENT DISCLOSED EXECUTIVES</b>  |                |                                 |                             |                  |                          |                  |                     |                                  |                                  |                    |                          |                   |
| <b>M Smith<sup>2</sup></b><br>Chief Executive Officer  | <b>2012</b>    | <b>3,150,000</b>                | <b>121,900</b>              | <b>1,900,000</b> | <b>1,800,000</b>         | <b>3,700,000</b> | <b>117%</b>         | <b>47%</b>                       | <b>3,150,000</b>                 | <b>5,171,900</b>   | <b>4,950,000</b>         | <b>10,121,900</b> |
|  | 2011           | 3,150,000                       | 105,515                     | 1,750,000        | 1,550,000                | 3,300,000        | 105%                | 42%                              | 3,150,000                        | 5,005,515          | 4,700,000                | 9,705,515         |
| <b>P Chronican<sup>3</sup></b><br>Chief Executive Officer, Australia                           | <b>2012</b>    | <b>1,300,000</b>                | <b>7,590</b>                | <b>850,000</b>   | <b>750,000</b>           | <b>1,600,000</b> | <b>103%</b>         | <b>41%</b>                       | <b>650,000</b>                   | <b>2,157,590</b>   | <b>1,400,000</b>         | <b>3,557,590</b>  |
|  | 2011           | 1,300,000                       | 5,744                       | 900,000          | 700,000                  | 1,600,000        | 103%                | 41%                              | 650,000                          | 2,205,744          | 1,350,000                | 3,555,744         |
| <b>S Elliott<sup>4</sup></b><br>Chief Financial Officer  | <b>2012</b>    | <b>1,187,000</b>                | <b>40,853</b>               | <b>1,100,000</b> | <b>1,000,000</b>         | <b>2,100,000</b> | <b>140%</b>         | <b>56%</b>                       | <b>1,200,000</b>                 | <b>2,327,853</b>   | <b>2,200,000</b>         | <b>4,527,853</b>  |
|  | 2011           | 1,050,000                       | 10,191                      | 604,000          | 404,000                  | 1,008,000        | 80%                 | 32%                              | 650,000                          | 1,664,191          | 1,054,000                | 2,718,191         |
| <b>D Hisco<sup>5</sup></b><br>Chief Executive Officer, New Zealand                             | <b>2012</b>    | <b>1,000,000</b>                | <b>309,757</b>              | <b>900,000</b>   | <b>800,000</b>           | <b>1,700,000</b> | <b>142%</b>         | <b>57%</b>                       | <b>500,000</b>                   | <b>2,209,757</b>   | <b>1,300,000</b>         | <b>3,509,757</b>  |
|  | 2011           | 960,000                         | 357,283                     | 902,400          | 710,400                  | 1,612,800        | 140%                | 56%                              | 480,000                          | 2,219,683          | 1,190,400                | 3,410,083         |
| <b>G Hodges<sup>6</sup></b><br>Deputy Chief Executive Officer                                  | <b>2012</b>    | <b>1,000,000</b>                | <b>13,789</b>               | <b>650,000</b>   | <b>550,000</b>           | <b>1,200,000</b> | <b>100%</b>         | <b>40%</b>                       | <b>500,000</b>                   | <b>1,663,789</b>   | <b>1,050,000</b>         | <b>2,713,789</b>  |
|  | 2011           | 1,000,000                       | 24,350                      | 700,000          | 500,000                  | 1,200,000        | 100%                | 40%                              | 500,000                          | 1,724,350          | 1,000,000                | 2,724,350         |
| <b>J Phillips<sup>7</sup></b><br>CEO Global Wealth & Private Banking                           | <b>2012</b>    | <b>580,000</b>                  | <b>5,500</b>                | <b>377,000</b>   | <b>319,000</b>           | <b>696,000</b>   | <b>100%</b>         | <b>40%</b>                       | <b>290,000</b>                   | <b>962,500</b>     | <b>609,000</b>           | <b>1,571,500</b>  |
| <b>A Thursby<sup>8</sup></b><br>Chief Executive Officer, International & Institutional Banking | <b>2012</b>    | <b>1,187,000</b>                | <b>7,590</b>                | <b>1,100,000</b> | <b>1,000,000</b>         | <b>2,100,000</b> | <b>140%</b>         | <b>56%</b>                       | <b>1,200,000</b>                 | <b>2,294,590</b>   | <b>2,200,000</b>         | <b>4,494,590</b>  |
|  | 2011           | 1,050,000                       | 7,375                       | 900,000          | 700,000                  | 1,600,000        | 127%                | 51%                              | 700,000                          | 1,957,375          | 1,400,000                | 3,357,375         |
| <b>N Williams<sup>9</sup></b><br>Chief Risk Officer  | <b>2012</b>    | <b>790,000</b>                  | <b>32,675</b>               | <b>533,250</b>   | <b>454,250</b>           | <b>987,500</b>   | <b>104%</b>         | <b>42%</b>                       | <b>474,000</b>                   | <b>1,355,925</b>   | <b>928,250</b>           | <b>2,284,175</b>  |

1 Fixed remuneration was unchanged for Disclosed Executives, other than those promoted during the year whose remuneration was increased to reflect expanded responsibilities.

2 **M Smith** – The 2012 LTI relates to the LTI grant that is proposed for 2012, subject to approval by shareholders at the 2012 Annual General Meeting. The 2011 LTI relates to the LTI grant approved by shareholders at the 2011 Annual General Meeting. Non monetary benefits include car parking, life insurance and taxation services. In 2012 equity to the value of \$1,936,189 vested in respect of previously disclosed deferred STI granted in 2009 and 2010. Also, equity to the value of \$5,370,176 vested in respect of previously disclosed deferred LTI granted in 2007, as approved by shareholders. In addition, equity to the value of \$4,732,490 vested in respect of previously disclosed Special Options granted in 2008, as approved by shareholders.

3 **P Chronican** – Non monetary benefits include car parking expenses. In 2012 equity to the value of \$262,017 vested in respect of previously disclosed deferred STI granted in 2010.

4 **S Elliott** – Fixed remuneration represents what was paid during the year (an increase to \$1,250,000 occurred at date of promotion, 1 March 2012 – this figure has been referenced to calculate STI as a % of target and maximum opportunity). Non monetary benefits include car parking and taxation services/expenses. In 2012 equity to the value of \$273,800 vested in respect of previously disclosed deferred STI granted in 2009 and 2010.

5 **D Hisco** – Commenced in role on 13 October 2010 so 2011 remuneration reflects amounts received for the partial service for the 2011 year. Non monetary benefits include relocation expenses such as housing assistance, and car parking and taxation services expenses. In 2012 equity to the value of \$297,076 vested in respect of deferred STI granted in 2009 and 2010. In addition, equity to the value of \$508,199 vested in respect of deferred LTI granted in 2008.

# REMUNERATION OVERVIEW

6 **G Hodges** – Non monetary benefits include car parking and taxation services. In 2012 equity to the value of \$355,078 vested in respect of previously disclosed deferred STI granted in 2009 and 2010. In addition, equity to the value of \$1,092,491 vested in respect of previously disclosed deferred LTI granted in 2008.

7 **J Phillips** – Commenced in role 1 March 2012 so remuneration (fixed, STI and LTI) reflects amounts received for the partial service for the 2012 year. Non monetary benefits include taxation services.

8 **A Thursby** – Fixed remuneration represents what was paid during the year (an increase to \$1,250,000 occurred at date of promotion, 1 March 2012 – this figure has been referenced to calculate STI as a % of target and maximum opportunity). Non monetary benefits include car parking expenses. In 2012 equity to the value of \$1,047,116 vested in respect of previously disclosed deferred STI granted in 2009 and 2010 and equity to the value of \$1,201,741 vested in respect of previously disclosed deferred LTI granted in 2008. In addition, equity to the value of \$1,081,040 vested in respect of previously disclosed equity granted in 2009 in connection with his commencement with ANZ.

9 **N Williams** – Commenced in role 17 December 2011 so remuneration (fixed, STI and LTI) reflects amounts received for the partial service for the 2012 year. Non monetary benefits include relocation, car parking and taxation services expenses.

## HANDY CONTACTS

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Group General Manager Corporate Affairs: Gerard Brown

## IMPORTANT DATES FOR SHAREHOLDERS\*

| Date                          | Event            |
|-------------------------------|------------------|
| Interim Results Announcement  | 30 April 2013    |
| Interim Dividend Ex-Date      | 9 May 2013       |
| Interim Dividend Record Date  | 15 May 2013      |
| Interim Dividend Payment Date | 1 July 2013      |
| Annual Results Announcement   | 29 October 2013  |
| Final Dividend Ex-Date        | 7 November 2013  |
| Final Dividend Record Date    | 13 November 2013 |
| Final Dividend Payment Date   | 18 December 2013 |
| Annual General Meeting        | 18 December 2013 |

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

## SHARE REGISTRAR

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## OUR INTERNATIONAL PRESENCE

- » Australia
- » New Zealand
- » Asia – Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Vietnam
- » Europe and United Kingdom
- » Pacific – American Samoa, Cook Islands, Fiji, Guam, Kiribati, New Caledonia, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Vanuatu
- » Middle East
- » United States of America



